

CHOICE

ANNUAL REVIEW

2018–19

Louder and stronger

We continued to invest in growing our impact for consumers

We are pleased to present this report on CHOICE's performance during 2018–19.

One of the Board's most important roles is to approve CHOICE's strategy, which identifies the organisation's major priorities. 2018–19 was the first year of a new strategy, which identifies three key priorities – to increase the power of consumers, to engage more people and to grow our revenue. The following pages provide more detail on our work on these priorities during 2018–19.

This was a particularly important year to build the power of consumers through campaigning for changes to the law.

The Banking Royal Commission dominated the first part of the financial year, wrapping up its hearings in



Sandra Davey, Chair



Alan Kirkland, CEO

November 2018 and reporting to government in February 2019.

CHOICE played an important role in influencing the recommendations of the Royal Commission through a number of submissions. We were pleased to see this effort rewarded in the Commission's recommendations, which reflected some of our long-term priorities for reform to the financial system, in particular:

- protection from unfair terms in insurance contracts
- a requirement for mortgage brokers to act in the best interests of their clients
- an end to 'grandfathered' commissions on financial advice
- a compensation scheme of last resort for consumers who lose money due to poor advice or misconduct.

Our other major campaigning priority was improvements to product safety laws, through the introduction of a law to require that goods are safe before they are released onto the market in Australia. While not yet achieved, the Government has committed to consulting on this reform.

We also continued to advance campaigns in other important areas such as food labelling, health insurance and renters' rights, and worked with Superannuation Consumers Australia to set up a specialist centre based at CHOICE.

Within the organisation, improving our editorial work was an important theme, with a focus on renewing our reputation for investigative journalism and growing our online audiences.

Index

- 3 The difference we've made
- 5 Investigations that matter
- 7 Campaigning for change
- 8 Membership matters
- 9 Reviews and testing
- 10 CHOICE Recommended
- 11 Expanding our social impact
- 13 Investing in our future
- 14 Meet our Board

We applied our investment in digital capabilities to improve choice.com.au with a focus on improving the way that it works on mobile devices. Behind the scenes, we continued an important program of technology modernisation, which has the benefit of making the website faster, improving information security and making it easier for us to launch future improvements. Recognising the strategic importance of technology to our future, we introduced a new role of Chief Data and Technology Officer, reporting to the CEO.

We launched one of our boldest experiments with new ways of helping consumers in complex markets, through our Transformer energy switching service. While we ultimately had to close this service before it reached profitability, after the New South Wales Government launched a free alternative, it demonstrated some important benefits for consumers. It helped over 2500 people to save almost \$1.7m on energy bills and provided data on how much some consumers were being ripped off, which supported our successful campaign for fairer default electricity prices. It also demonstrated the feasibility of a service based on scanning consumers' bills to help identify savings, which was adopted in the New South Wales Government's service.

Transformer was the latest of over 15 new ideas to be tested by our New Things team, which has had an enormous impact on our approach to innovation. In 2019–20, we will be winding down this team, as the changes in culture influenced by New Things have allowed

us to embed a commitment to innovation across the organisation.

Finances

As a not for profit, we need to ensure that the organisation has an adequate level of cash reserves to weather any unexpected factors, while also ensuring that our resources are put to best use for the benefit of consumers. This tends to mean that we go through cycles, building reserves over several years, then using them to invest in the organisation. In accounting terms, this is reflected in periods of surplus and periods of deficit.

After five years of above-budget surpluses, in 2016 the Board recognised the need to make some strategic investments in building the people, technology and capabilities that CHOICE requires to help consumers in increasingly complex markets. This has taken the form of planned deficit budgets over the past three years,

We played an important role in influencing the recommendations of the Royal Commission through a number of submissions

which have helped us to build our profile as a campaigning organisation and modernise the technology that is critical to the way that we engage with the over one million consumers who visit us online every month.

In 2018–19, while our expenses grew by 2%, revenue grew by 3.5%, as we started to reap some of the rewards of our investment. Importantly, while growing membership revenue we continued to diversify, with non-membership revenue growing by 16%. Our deficit of \$1.78m (of which \$1.53m was from operating activities and \$0.25m was for expenditure against a grant received in a prior year) was consistent with the financial strategy overseen by the Board.

We ended the year with a cash and investments balance of \$9.63m, which provides a healthy margin over the cash reserves floor of \$5.12m set by the Board for 2019–20. We have budgeted for a significantly lower deficit in 2019–20.

Governance

We were sad to bid farewell to Ben Slade, who stepped down from the Board in November 2018. In his five years on the Board, Ben applied his deep knowledge of consumer law to guide our approach to campaigning, chairing our Campaigns and Advocacy Committee for most of that time.

He was replaced by another Ben – Ben Heuston – who was elected unopposed to the Board. Ben brings important commercial and digital experience from roles with a range of organisations including Telstra and the Copyright Agency Ltd.

Recognising the importance of strong editorial strategy to CHOICE's success, we conducted a search process for a person with these skills and were pleased to co-opt Ben Naparstek as an additional member of the Board. Ben brings strong editorial experience from his time with Fairfax, SBS and *The Monthly*.

We continued to invite CHOICE members to apply for voting membership, helping to maintain a healthy number of voting members, at 5806 as at 30 June 2019. Voting members received an email update after each Board meeting and many took up the invitation in these updates to ask questions or make suggestions via the Chair.

Looking ahead

As we prepare to celebrate our 60th anniversary, we feel privileged to work together in leading the Board and staff of this critical pillar of Australian civil society. Knowing that members are the lifeblood of our organisation, our greatest priority for the coming year is to refresh the way we think and communicate about what it means to be a member of CHOICE, so that we can do more to demonstrate the value of membership to the people who already know us, as well as introducing CHOICE to new generations of Australian consumers.

We thank all of the members, staff and volunteers that have contributed to our achievements in the past year, and look forward to working with you in 2019–20.



The difference we've made

We secured major change to benefit all consumers through research, policy work, engaging with politicians and harnessing the power of our supporters

GOAL: Increase the power of consumers

This year we worked to make Australian laws and business practices fairer, better and safer – work that is only possible thanks to the financial support of our members and the action taken by CHOICE campaign supporters.

New laws for consumers

Our policy and campaigns team worked tirelessly to get great laws passed and poor laws improved. We're often the only voice in the room representing consumer interests, pushing back against well-resourced corporations.



Alan Kirkland, Erin Turner and Sarah Agar (L-R) present CHOICE's research into the consumer experience of renting at Australian Parliament House.

Held accountable

We regularly complain to regulators about shoddy business behaviour. This year our complaints led to major action against the following companies caught doing the wrong thing:

- Timeshare company Ultiqa was fined \$135,000 and had to refund \$3 million to customers for failing to comply with credit laws.

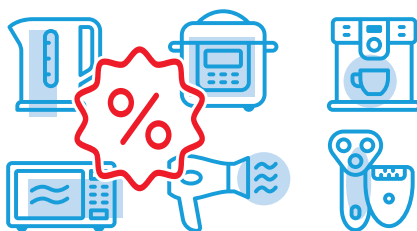
ULTIQA
HOTELS & RESORTS

- A court found that serial offender Viagogo had been misleading consumers on its ticket resale site.

viagogo

- Retail giant Kogan changed its terms and conditions after our investigators caught it failing to be upfront about the consumer law.

kogan.com



- Jetstar paid \$1.95 million after a CHOICE complaint. All domestic airlines agreed to clean up their act on claims about consumers'

rights when flights are delayed or cancelled.

Jetstar

- White King paid up \$700,000 for misleading customers about not-so-flushable wipes.





CHOICE banking experts Madison Cartwright and Patrick Veyret (L-R) representing consumer interests outside the hearings of the Banking Royal Commission.

In 2018–19, we saw the passage of a number of laws that we were arguing for, including:

- new Federal Laws that mean gift card expiry has to last for at least three years
- strong changes in NSW to make it easier to access tribunals and reform lengthy contracts and unfair non-disclosure agreement practices
- changes to superannuation laws to deal with poor performing funds and improve default insurance, leaving more money for people in retirement
- increased penalties for big banks and big companies that break consumer laws
- new rules in the energy market that will save consumers up to \$450 a year thanks to fairer default prices and a ban on misleading discount practices.



Collaborating with other not-for-profits

Our work with other trusted groups further amplified our impact. We continued to partner with the Consumer Action Law Centre, Financial Rights Legal Centre, Financial Counselling Australia and other respected advocates to get better protections in the finance sector.

In December 2018 we released the second edition of our research into

the rental market in partnership with National Shelter and the National Association of Tenants Organisations. Drawing upon this research, we supported a campaign led by the Make Renting Fair coalition in Victoria, who secured major reform, and we're hoping for action in South Australia and Queensland.

We're fighting to fix
5 million
superannuation
accounts in
underperforming
funds

750,000
households on lower
electricity prices



**Super
Consumers
Australia**

For years CHOICE has been calling for funding for a stand-alone consumer group in the superannuation sector to help navigate the complex debates that directly impact the quality of our retirement. In 2018 we helped to secure \$2.5 million for superannuation advocacy. CHOICE is now working alongside Super Consumers Australia to deliver this. The organisation is being incubated within our building where we can provide direct support to the five specialist policy, economics and communications experts that are going to deliver big changes for many years to come.

The near future

Systemic change typically takes several years to deliver. As of June 2019, we were expecting changes to your data rights – which would give you access to the data that businesses hold about you – and changes to make insurance in superannuation fairer.

In the next year, we'll be pushing hard to get added sugar labels, improve health star ratings, make pet food safe, get bank advertising out of schools, improve product safety laws and deliver more improvements to the laws that apply to banks, brokers and insurers.



CHOICE supporters send in their hand-written letters to Ministers calling for better food labelling. In August 2019 all state and territory Ministers agreed to label added sugar on the back of packs, a major win secured thanks to our supporters.

Investigations that matter

GOAL: Increase the power of consumers

We used our unique position to shine a light on consumer issues – and to demonstrate the need for stronger protections in both products and services

One of our key priorities in 2018–19 was to rebuild CHOICE's reputation for investigative journalism.

In March 2019 Andy Kollmorgen reported on the continued dangers posed by button batteries and the failure of manufacturers to follow the voluntary button battery safety standard. This investigation, which checked 17 common household items against the standard, found that 10 of the items failed to keep batteries from being easily accessed, creating a significant danger to toddlers and young children.

Our work in this area didn't end there. We also obtained interviews with the two Australian mothers who have tragically lost children to button battery ingestion. Their heart-breaking stories, published in April and May, helped reinforce the clear need for better safety regulation and underlined the importance of our investigative work.



Isabella Rees, died January 2015 aged 14 months.



Summer Steer, died June 2013 aged 4 years.

Button battery safety failures

(Battery was not secured and was easily accessed by our testers)



Surgipack digital infrared ear thermometer*
(model #6182)
(ONBO Electronic)



Petsport Bling Bling Blinkers pet lead
(Petsport)



Ready Set Travel digital luggage scale*
(Priceline)



Heller remote for pedestal fan*
(model #RPF50CR)
(GAF Control)



The really tiny book light - Tiny: Purple (5101)
(The really tiny book light)



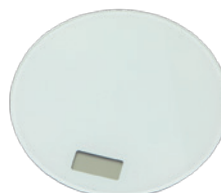
Roche blood glucose meter*
(ACCU-CHEK Guide 929)
(Roche Diabetes Care Australia)



Avanti digital fridge/freezer thermometer*
(model #12931)
(Sheldon and Hammond)



Beurer Living kitchen scale*
(model #KS28)
(FitZone Solutions)



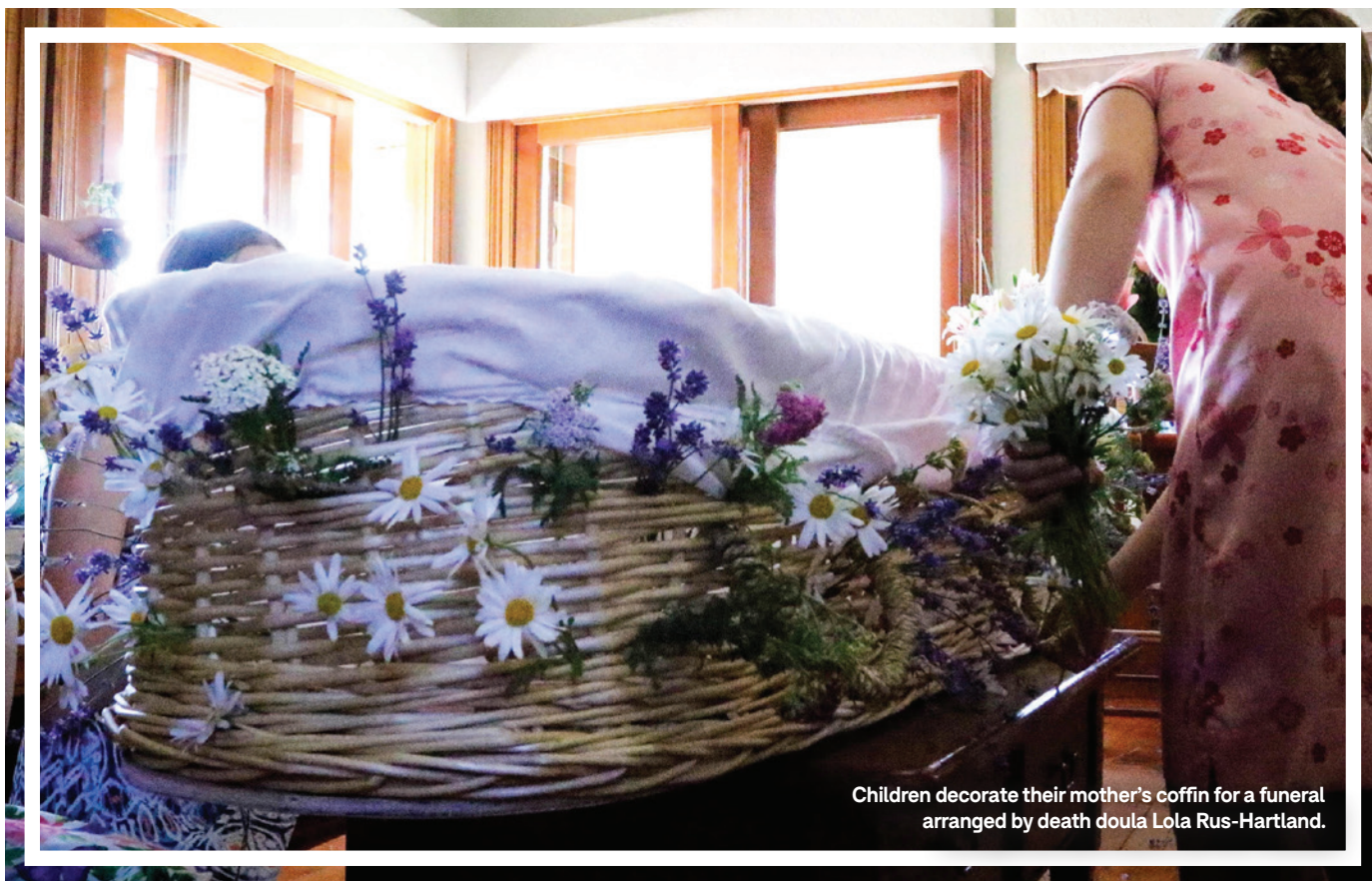
Baccarat global electronic kitchen scale*
(model #1026649)
(Sky Chain Trading)



Sanitas glass scale*
(model #SGS 06)
(FitZone Solutions)

*Uses lithium batteries

Read more about the dangers of button batteries
at choice.com.au/buttonbatteries



Children decorate their mother's coffin for a funeral arranged by death doula Lola Rus-Hartland.

In May we also released the first of our investigations into the funeral industry, written by Saimi Jeong, a Walkley Award winning journalist who joined our team in January. This series will continue into 2019–20, but we've already found evidence of widespread problems with the industry in Australia, and ample motivation to continue to investigate this sector.

During the year we made some important changes to our editorial teams, to diversify the types of content that we produce to help consumers.

We have begun commissioning more articles from external writers, including opinion columns by experts. These have included contributions from dental health expert Matt Hopcraft on the subject of added sugar, Dr Ruth Barker, director of the Queensland Injury Surveillance Unit, on product safety, and Karen Cox from the Financial Rights Legal Centre on the dangers of buy now, pay later services.

We also established a new team focussed on

creating content that we can use to supplement and amplify the great work of our investigative journalists, campaigners and reviewers. Their stories and videos are crafted specifically to be shareable on social media, helping us to inform more consumers and raise awareness of CHOICE's work. They produced some great content in the second half of the year, including a series helping consumers work out which mattresses, TVs, ovens and coffee machines not to buy in the EOFY sales season – all product areas that matter to many consumers. Through their efforts our work has reached hundreds

of thousands more Australians.

We also refreshed our flagship publication, *CHOICE*, introducing a unifying theme for each edition. The response from members has been overwhelmingly positive and we're looking forward to continuing this experiment.

Finally, an interesting email from a researcher

at the Oxford English Dictionary alerted us to the fact that *CHOICE* magazine's contribution to modern language is to be celebrated. We were able to supply scans of our June 1999 issue which helped prove we had the earliest recorded use of the term 'e-waste', in an article by former *CHOICE* journalist Karina Bray. This unexpected achievement demonstrates *CHOICE*'s innovation and impact – something we strive to maintain.



CHOICE June 1999.

Campaigning for change

GOAL: Engage more people

Over 200,000 campaign supporters helped us fight for reform

We make change happen by working with hundreds of thousands of people across Australia to influence decisions: people who through 2018–19 signed petitions, emailed politicians and encouraged their friends to take action.

In line with our new strategy, we intensified our work on a smaller number of issues. This means we are more likely to win campaigns for bigger reforms in areas like health insurance, the superannuation system and the banks.

Quality and quantity: Engaging more people in meaningful action

We tested new ideas in our campaign initiatives, aimed at making a deeper impact. Here's how our supporters worked with us:

Writing letters:

700+ supporters agreed to send a handwritten letter to their health minister about added sugar labelling.



Supporting investigations:

1700+ supporters sent us copies of letters from their health funds so we could investigate whether providers had been transparent about changes.

Collecting evidence:

We received 300+ supporter-submitted photos as part of our safe pet food, added sugar and unit pricing actions, giving us case studies to explain why change is needed.



Attending strategic events:

20+ people (and pets!) turned out to our safe pet food media event with a live cross to *Today*.

Making phone calls: We asked dedicated supporters to call politicians in our banking and food campaigns, making a real difference at crucial points of the law reform process.



We're going to continue this work next year. Our petitions and email actions contribute to major change but our aim is to work with more Australians in more creative ways to ensure that consumers' voices are heard.

Many of our voting members have already signed up to support our campaigns. You can do so at choice.com.au/campaigns



Campaign supporter Christina worked with us to highlight the high out-of-pocket costs that you can face even when you have high-level health insurance.

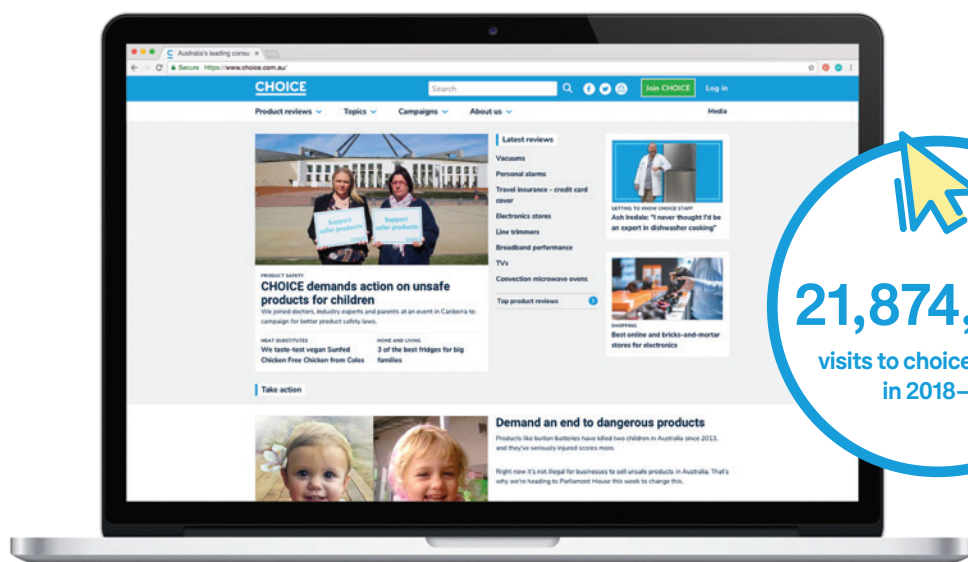


Campaign supporters and pets join us in Mackey Park for a live cross to the *Today* show to highlight the need for stronger laws to make pet food safe.

Membership matters

We focussed on the sustainability of membership through improving our online tools and introducing our first price rise in over four years

GOAL: Grow our revenue



21,874,600

visits to choice.com.au
in 2018–19

We also continued to improve our fortnightly emails to members, which resulted in a 15% increase in the number of people who clicked through from a member email to the website. And recognising the importance of CHOICE magazine to many members, we began a program of iterative improvements, as reported on pages 5–6.

An increase in prices for quarterly memberships – our first in over five years – commenced for new members

in October 2018 and current members from January 2019. As this had an impact on the numbers of new members joining CHOICE and of existing members renewing, our number of subscriptions dropped from 182,077 as at 30 June 2018 to 174,906 as at 30 June 2019.

Keen to reward the loyalty of longer term members, we left the price of one- and two-year memberships unchanged. An increasing proportion of members chose to take out these options which provides greater financial stability for CHOICE. As at June, 27% of choice.com.au members had a one- or two-year membership, up from 18.5% a year earlier.

Overall, these changes led to a 1% increase in membership revenue.

Late in the year, we commenced a new project to reimagine membership and ensure that it reflects the increasingly diverse ways in which consumers wish to engage with us. We see this as critical to our future sustainability and look forward to reporting to voting members on our progress during the year.

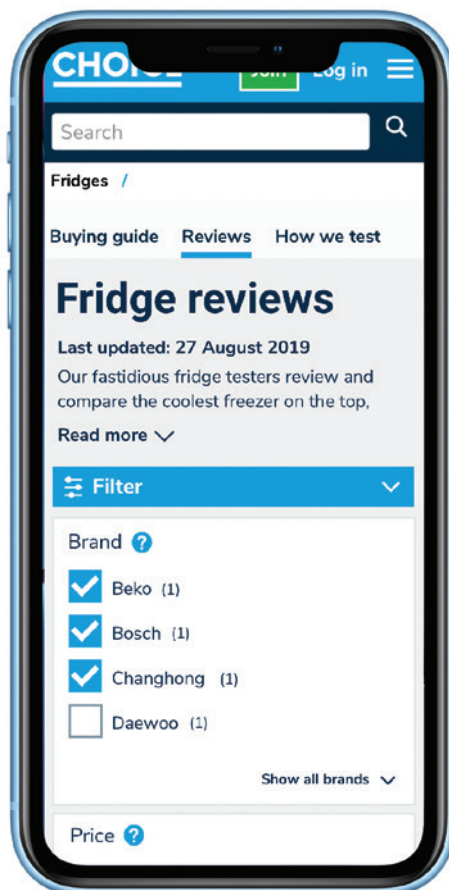
Recognising that the majority of members choose to engage with us online, improving choice.com.au was a priority. A large in-house team worked to rebuild the website to improve critical features used by members and ensure that it is fast and easy to use on mobile devices. Importantly, this work also improved how choice.com.au is rated by search engines, which will ensure that consumers who don't know about CHOICE continue to find us when searching online.

Some of the key upgrades launched through 2018–19 included:

- an improved home page that does a better job of showcasing everything that we do
- a new navigation menu, to make it easier for people to find the information they need
- a new product finder tool for our test results that is easier to use on mobile devices
- improvements to the infrastructure behind choice.com.au, so that the website loads faster and is more secure.

The team also worked hard to get some timely and helpful health

insurance advice up on the website after the government introduced the new gold, silver and bronze scheme at the end of the year, and nearly 50,000 people accessed our advice in the first few weeks of it being published.



50,000

people read our advice
on health insurance in
the first few weeks

Reviews and testing

Our testing of consumer goods and analysis of service providers expanded and continued to add value

GOAL: Grow our revenue



Staff test a range of products in the CHOICE labs, including children's cots (above) and toasters (below).

The results of our testing of household products and analysis of services like insurance are highly valued by CHOICE members. During 2018–19, we brought together all of our staff involved in this work across into a new team, known as CHOICE Reviews and Testing. This shift recognised that the boundaries between products and services are breaking down, and that decisions about services are increasingly important and complex for consumers.

In April 2019, we retired our popular health insurance finder tool after regulatory changes introduced gold, silver and bronze policy tiers. Once the impact of these changes became clearer, we began work on a new version of the tool that will incorporate these changes and other improvements.

Other service areas we examined during the year included grocery delivery, car rental, ridesharing, food delivery and appliance retailers.

We also expanded our testing further into the fast-moving consumer goods market. In the food category, we covered numerous popular products such as bread, black tea, peanut butter, yoghurt and butter. We also shone

a light on some non-food items that have not been particularly well covered in the past, such as menstrual pads and incontinence pads, as well as testing a broad range of cleaning products. The results of many of these tests were made available to the public, to introduce potential members to the value of CHOICE testing.



Recognising the growth of Internet of Things products, we tested voice-activated home assistants and 'smart' appliances, with a focus on consumer concerns around privacy issues.

Our testers also supported CHOICE's work for stronger product safety laws, as there is currently no general requirement for goods sold in Australia to be safe. Our deep background in testing children's and babies' products and our ability to design tests to demonstrate the risks from products containing button batteries provided a wealth of data to support CHOICE's campaign. This is an excellent

example of CHOICE's testing for members providing benefits to the broader population of Australian consumers.

Our test research arm – which provides expert testing services to government, manufacturers and our sister organisation Consumer New Zealand – delivered over \$1m to the bottom line. We also tested new partnerships with e-commerce sites and online retailers. These arrangements help consumers to complete a purchase after reading a CHOICE review, as well as providing new sources of potential revenue to improve our sustainability.



CHOICE Recommended

Highlighting the best products and services

**GOAL: Grow
our revenue**

While decisions about which products we test and review are always driven by consumer needs, where a product or service has performed to a high level in our research and testing, our endorsement program recognises this. Qualifying brands can apply to use our logo on their products and advertisements under strict approval and licensing conditions.

In 2018–19, after a few years fast growth for the CHOICE Recommended program, we focused on expanding into new areas and streamlining our internal processes:

- We increased competition by highlighting emerging brands that were shown through our testing to have introduced high quality products and services.
- We expanded into new categories, including food, to help consumers choosing everyday grocery items at the supermarket.



- We automated our internal processes so that we are able to work more efficiently.

Importantly, we always put our values first, turning down licensing opportunities with businesses that have treated their customers poorly.

Overall, CHOICE Recommended delivered 12% year-on-year growth, playing an important role in strengthening our position, our brand and sustainability into the future.

LG
Life's Good

The Best for Life's Little Surprises

Nothing beats Australia's best front load washing machines from LG. Whatever you put your clothes through, it's good to know that LG has a range of front load washing machines designed to wash them perfectly, every time.

lg.com.au/front-loader-washing-machines

BEST BRAND
2018
FRONT-LOADER WASHING MACHINES
CHOICE

Look what we've captured

Arlo Pro 2 awarded the Overall Best Performer by CHOICE®

RECOMMENDED CHOICE
May 2018

arlo

Arlo Pro 2
100% Wire free HD Smart Security Camera.

arlo.com/au

FISHER & PAYKEL

AUSTRALIA'S BEST FRIDGE BRAND

AS AWARDED BY CHOICE®

BEST BRAND CHOICE
2017
BEST BRAND CHOICE
2018
FRIDGES

[FIND OUT MORE](#)

2-in-1 washer & dryer

RECOMMENDED CHOICE
March 2019

WVH28490AU

TEMPUR
A mattress like no other.

tempur.com.au

CONSUMERS' CHOICE
2018
MATTRESSES

Mack Horton
Olympic Gold Medalist
& 5 Year TEMPUR® owner

Expanding our social impact

CHOICE staff led environmental and fundraising initiatives, to improve our impact as an organisation

Our staff-led Environmental Impact Committee continued their initiatives to reduce our waste and contribute to the local environment. Our office recycling program expanded to include soft plastics and beverage

containers, coffee capsules, batteries and light globes. And our composting volunteers collect our organic food waste daily to feed our worm farms and compost bins, with gardening working bees providing healthy activities during lunch breaks.

In March 2019, with support from Inner West Council and local community group, The Mudcrabs, staff volunteers planted 50 new native seedlings along the Cooks River. Two wattles have grown into tall trees and are now flowering, along with native violets and bluebells.

We participated in Plastic Free July, providing tote bags to staff to reduce single-use plastic and promoting reusable items and reduced waste practices.

We continued to benefit from solar panels installed on the CHOICE building in late 2017, with a 15% year-on-year reduction in electricity consumption.



Social impact

Our staff-led Social Impact Committee continued to oversee our partnership with the Women's and Girls' Emergency Centre (WAGEC), which is the beneficiary of regular staff fundraising and donations of goods that have been tested by CHOICE. We donated over \$40,000 worth of goods to help WAGEC clients in 2018–19, and in May 2019 a team of CHOICE staff banded together



BushCare: Native Geranium planted March 2019 and flowering in September 2019.



Mirri Mirri Productions provided Indigenous cultural awareness training for CHOICE staff.

to raise a further \$8637 at the Walk for WAGEC fundraiser.

The Committee surveyed staff to seek ideas for improving CHOICE's social impact initiatives. This led us to train new leaders for our BushCare site, expand volunteer leave to cover ethics teaching in schools and blood donation, and explore new partners for our payroll-based workplace giving program.

Within the office, we reviewed our procurement practices for stationery and office supplies and provided information on how to make ethical product selections.

Diversity and inclusion

CHOICE understands that to meet the needs of Australian consumers, we need a workforce that reflects the diversity of the Australian population. Through 2018–19 we expanded our work to attract and retain a diverse and inclusive workforce.

Early in 2019 we engaged Aboriginal-owned company Mirri Mirri Productions to provide Indigenous cultural awareness training. This is an ongoing program, with the intention that all staff will participate. A number of staff were inspired to explore further opportunities for including Indigenous communities in our work.

We report annually to the Workplace Gender Equality Agency on our strategies to promote and improve gender equality. This helps us to track our performance

and benchmark against other organisations. As at the reporting date:

- 54.5% of the CHOICE Board was female
- 56.1% of our workforce was female and 43.9% male.

- 62.5% of our key management personnel were female.
- Of the staff members ranked as “professional”, 55% were female.
- 60% of all manager promotions had gone to women.

We upgraded our offices to improve accessibility for people with physical disabilities and developed a relationship with JobSupport to explore employment opportunities for people with disability.

To promote cultural inclusion, a staff-led group organised celebrations for significant events including Lunar New Year and Pride Month.



Diversity at CHOICE



62.5%
of key management personnel are female

How CHOICE represents the Australian workforce and community

November 2017



56.9% Women at CHOICE
N = 47%



43.6% Caring responsibilities
N = 34.5%



33% Born outside Australia
N = 24.9%



17% LGBTQ+ workplace
N = 11%



10.6% Identify as having a disability
N = 9.3%



1.1% Identify as Aboriginal or Torres Strait Islander
N = 1.3%

Footnote: Female Representation: CHOICE payroll records March 2019.
N=As compared to National Index in Inclusion at Your work survey data November 2017

Investing in our future

We invested in technology and innovation and tested new ways of assisting consumers

We entered 2018–19 in a strong financial position, with \$10.24m in cash and term deposits as well as a substantial property asset in the form of CHOICE's headquarters in Marrickville.

Most of our cash had been built up over five successive years of above budget surpluses in the period to 2015–16. The total value of these surpluses was \$6.31m, excluding the impact of a grant to help consumers in the travel market (noted below).

Given the rapid changes in the way that consumers engage with CHOICE, in 2016 the Board recognised the need to make some strong strategic investments to support our future sustainability. These investments, which have taken the form of planned deficits totalling \$3.26m over the past three years (excluding expenditures related to the travel grant), have allowed us to build the organisation's profile as a campaigning organisation, invest in technology that will support future growth, and develop our own in-house capability to build and improve digital tools to help consumers. It has also helped us to grow our annual revenue, which has increased by \$2.36m, or 12.9%, over the past three years.

In 2018–19, our revenue grew by 3.5%, from \$20.01m to \$20.72m,

driven by modest growth in membership revenue and strong growth in non-membership revenue from the CHOICE Recommended licensing scheme, Transformer, and product testing services. Total non-membership revenue accounted for 21.1% of total revenue, up from 18.9% in 2017–18. This is in line with our strategy to diversify our revenue sources so that we are less exposed to fluctuations in membership revenue.

Our operating expenses (excluding cost of sales) increased by 2%. Reflecting the areas of strategic investment approved by the Board, the key areas of increases in expenditure were in technology and innovation.

Total non-membership revenue now accounted for 21.1% of total revenue, up from 18.9% in 2017–18.

Our investment in technology supported improvements to choice.com.au – the way that most consumers engage with us – as well as enhancements to our technology and data platforms, so that they are more flexible and able to support future innovation. Some of these changes also delivered significant savings in recurrent operating costs.

Our investment in innovation allowed us to continue to test new ways of assisting consumers in complex markets, including the Transformer energy switching service. This was a bold and innovative service that demonstrated great results for its customers but we decided to close it after the New

South Wales Government launched a free alternative. This resulted in a net operating loss for Transformer of \$0.72m, which is incorporated in the overall deficit.

Our full-year deficit (inclusive of \$0.25m travel grant expenditure) decreased from \$1.99m in 2017–18 to \$1.78m in 2018–19. This was consistent with the financial strategy approved and monitored by the Board. We have budgeted for a significantly lower deficit in 2019–20 as we continue to target investment in areas that have demonstrated the greatest potential for growing our revenue and impact.

Despite our deficit, over \$1m growth in deferred revenue meant that our cash and investments balance reduced by \$609k, leaving us with \$9.63m in cash and term deposits as at 30 June. This is a strong financial position, with a significant buffer over the cash reserves floor of \$5.12m set by the Board for 2019–20.



	YEAR ENDED 30 JUNE 2019	YEAR ENDED 30 JUNE 2018
Revenue	\$20,270,643	\$19,582,832
Other income	\$447,234	\$427,747
Less: Direct costs	(\$1,715,512)	(\$1,614,318)
Less: Operating costs	(\$20,785,948)	(\$20,386,835)
Net surplus/(deficit)	(\$1,783,583)	(\$1,990,574)
Current assets	\$11,043,957	\$11,255,901
Non-current assets	\$10,192,344	\$11,066,484
Current liabilities	(\$8,190,753)	(\$7,562,741)
Non-current liabilities	(\$360,895)	(\$291,408)
Net equity	\$12,684,653	\$14,468,236

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 managing director 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. Sandra's industry experience crosses telco/broadband, digital media, interactive TV, sport, libraries, industry associations and consumer advocacy. She 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, she 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 Governance and Culture Committee and Investment Committee, and is a member of the Commercial Sustainability Committee and Technology and Data Committee. Sandra also serves on the Marketing Advisory Committee to the Board of Bush Heritage Australia.



Bill Davidson (Deputy Chair)

Bill is CEO of the Worklink Group in Tropical North Queensland, providing support services, including employment services, to people experiencing mental health challenges. Bill is committed to making a difference to people's lives by creating an

environment that fosters positive impact. He was Managing Director of Australian Hearing from 2013 to 2018. For the four years prior to that he was Managing Director of Job Futures Limited, now known as CoAct. He has extensive experience in the delivery of contracted, outsourced services here in Australia, and overseas in the UK and South East Asia. Bill was also the interim CEO of CHOICE in 2008 whilst we sought a new CEO. Bill is passionate about finding ways to provide fair competition and deliver a better deal for the Australian consumer. He served on the CHOICE Board from November 2006 to August 2008. Following the appointment of Nick Stace as CEO in February 2009, he was co-opted onto the Board in November 2009, and then elected to the Board in November 2010. He is 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 a number of years on the executive of the Consumers Federation of Australia. Her main interest is advocating for people on low incomes or in vulnerable circumstances, particularly in the

financial services marketplace. For ten years, she has been CEO of Financial Counselling Australia, the peak body for financial counsellors. She has held directorships on Energex Retail Pty Ltd, the Insurance Ombudsman Service and the Financial Ombudsman Service, and was chair of ASIC's Consumer Advisory Panel. Fiona is currently a member of the ACCC's Consumer Consultative Committee, the Australian Government Financial Literacy Board and a board member of Way Forward Debt Solutions and the Queensland Competition Authority. She holds a BA, LLB and MBA and was made a member of the Order of Australia in 2017 for her work in social welfare and financial counselling. She joined the Board in November 2015 and is a member of the Finance, Risk and Audit Committee and Investment Committee.



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 Heuston

Ben has almost two decades' experience growing new businesses, brands and service lines with various organisations. He has headed up digital, innovation and product teams in media at Telstra, with Australia's largest magazine company, and at the Copyright Agency. Ben is a

former innovation consultant, currently developing improved customer experiences for consumers at Westpac Bank. He has an MBA from Cranfield University in the UK, is a Chartered Marketer, has a postgraduate diploma in Government and BA/LLB degrees from the University of Sydney. Ben was appointed to the CHOICE Board in November 2018. He is a member of the Commercial Sustainability Committee and Technology and Data Committee.



Ben Naparstek

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

leading the Australian office's team of videographers, designers, UX experts, social curators, paid media specialists, programmers and producers. 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. He was appointed to the CHOICE Board in October 2018 and is a member of the Governance and Culture Committee and Impact and Engagement Committee.



Robert Southerton

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 gained a Foundations of Directorship qualification from the AICD in 2015. Robert is currently the Managing Director and co-founder of Gondwana Genomics, an Australian biotechnology start-up exporting genetic technology developed in Eucalyptus. He joined the CHOICE Board in September 2014, and is a member of the Finance, Risk and Audit Committee and the Governance and Culture Committee.



Anita Tang

Anita has a strong background in public policy reform, having spent 12 years with the Cancer Council where she led the transformation of its advocacy work. She currently runs her own advocacy and campaigning consultancy working with a

range of NGOs to bring about social change. She has held senior roles in policy and advocacy at the Community Services Commission and the Social Issues Committee of the NSW Legislative Council, and has completed Harvard University's Leadership, Organizing and Action: Leading Change program and the Stanford Executive Program for Non-Profit Leaders. She has served on the Boards of the Council for Intellectual Disability NSW, the Intellectual Disability Rights Service, and the Centre for Australian Progress, and is currently Chair of the Board of Democracy in Colour, a racial justice campaigning organisation. She is a long-standing CHOICE member, and with the Cancer Council led a number of collaborative projects including campaigns against junk food advertising to children and the regulation and eventual ban of commercial solariums. She joined the Board in March 2017 and is a member of the Commercial Sustainability Committee and Impact and Engagement Committee.



Helen Wiseman

Helen Wiseman 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 not for profits. A former KPMG partner, she 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 foodservice business and also the privately owned Soho Flordis International – a multinational natural healthcare products business. In 2018, she completed the 2018 INSEAD International Directors Program. Helen also has a deep interest in supporting children of prisoners through her role as a 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 November 2014 and is Chair of the Finance, Risk and Audit Committee.



Jennifer Zanich

Jennifer is a senior corporate executive and start-up CEO with a strong entrepreneurial background. Jennifer spent 10 years in San Francisco, where she successfully started and funded several companies including one of the

first programmatic ad networks, SeeSaw Networks, and Xumii, a pioneer in mobile messaging (later acquired by Myriad Group). She was also CEO of Wedgetail Communications, an enterprise security company. She is experienced in corporate operations, strategy and marketing, having spent eight years as Microsoft's Marketing Director in Australia and Asia Pacific. She has created and delivered 12 products into international markets. Currently, Jennifer is using her experience and skills to give back to the

next generation of entrepreneurs with her work at UNSW where she is raising a fund to invest in university-led startups, creating an Angel Investment Group and developing an entrepreneurial ecosystem. Jennifer is a strong advocate for the start-up community in Australia and is a member and participant in many committees and think tanks. She is sought after as a speaker on entrepreneurship and females in innovation. Jennifer has more than 18 years' experience as a non-executive director and is a graduate of the Australian Institute of Company Directors. She also serves on the board of Jobhawk and as an advisor to Bullpen Capital, a US Venture Capital company. Jennifer was appointed to the Board of CHOICE in 2015 and is Chair of the Commercial Sustainability Committee and a member of the Investment Committee.

CHOICE

