

# Annual Report 2020 – 2021

Providing world leading research and  
hearing services for the wellbeing of  
all Australians

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# Letter to the Minister

Senator the Hon Linda Reynolds CSC  
Minister for the National Disability Insurance Scheme  
Minister for Government Services  
Parliament House  
CANBERRA ACT 2600

Dear Minister,

I have the pleasure of presenting Hearing Australia's Annual Report for the year ending 30 June 2021.

The Report has been prepared in accordance with the requirements of the *Public Governance, Performance and Accountability Act 2013* and relevant regulatory guidelines.

The Report outlines the achievements and milestones of Hearing Australia during 2020-21.

Yours sincerely,



Dr Peta Seaton AM  
Chair  
9 September 2021



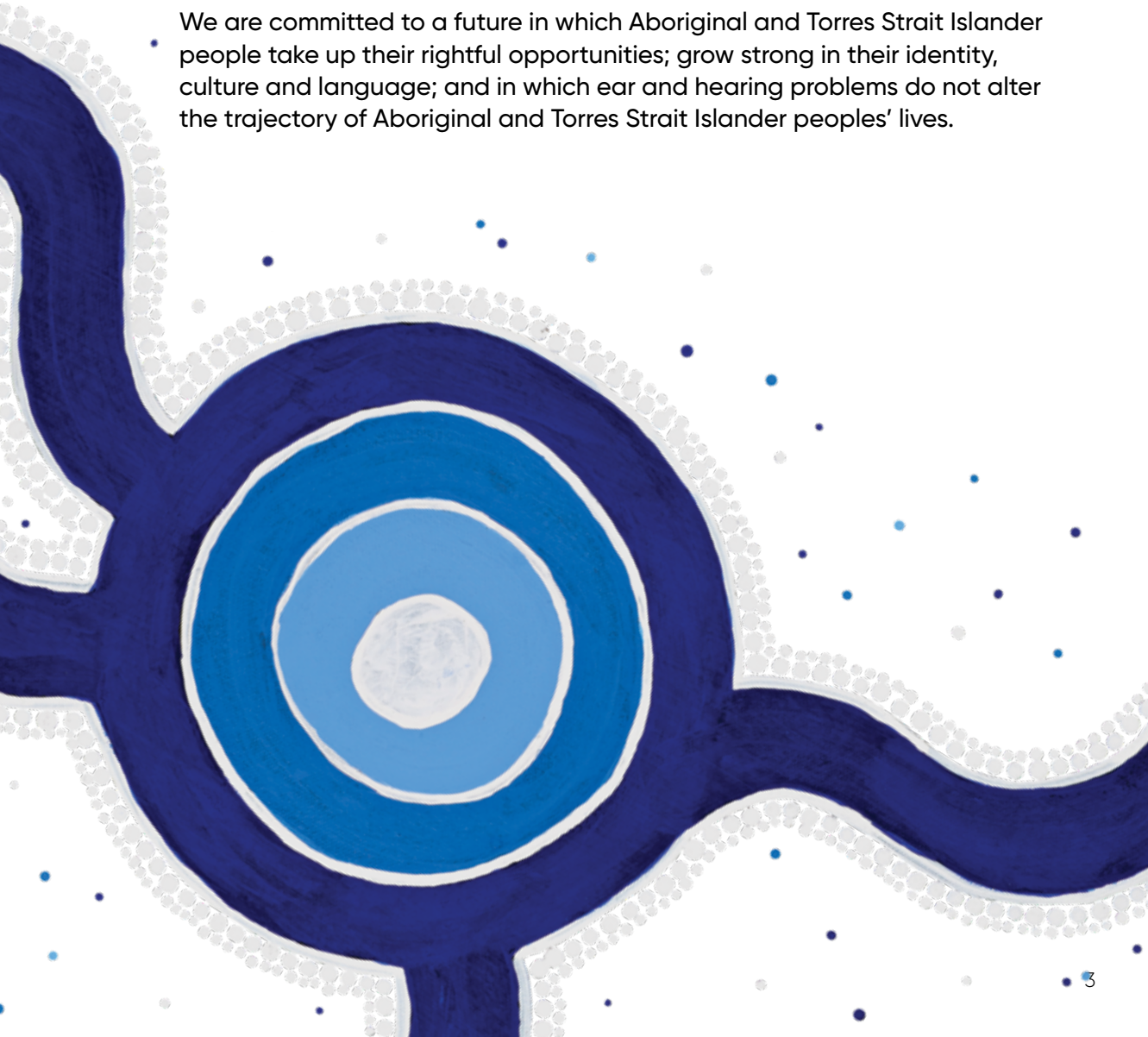
Artwork created by Davinder Hart who is an Aboriginal artist born in Perth, Western Australia. His family roots connect from Bibbulmun and Katanning in the south west region of the Noongar people.

# Acknowledgement of Country

Hearing Australia acknowledges the Aboriginal and Torres Strait Islander peoples - the traditional custodians of the lands across Australia on which we work, live and learn. We pay our respects to ancestors and Elders past, present and emerging.

Hearing Australia is committed to honouring Aboriginal and Torres Strait Islander peoples' unique cultural and spiritual relationships to the land, waters and seas and their rich contribution to society.

We are committed to a future in which Aboriginal and Torres Strait Islander people take up their rightful opportunities; grow strong in their identity, culture and language; and in which ear and hearing problems do not alter the trajectory of Aboriginal and Torres Strait Islander peoples' lives.



# Message from the Chair

Hearing Australia exceeded its operational and financial targets for 2020-21 and helped almost 290,000 clients during the year, a new record, while maintaining 84-86 per cent satisfaction rates.

As Chair of the Board of Hearing Australia, I am pleased to report that, despite the ongoing impacts of the COVID-19 pandemic, Hearing Australia had a strong 2020-21 financial year and continued the transformation of its services, the modernisation of its legacy ICT systems and its agenda to prevent avoidable hearing loss.

In 2020-21 Hearing Australia provided care for some 290,000 clients - a new record, including over 72,000 Community Service Obligations (CSO) program clients - also a new record.

Our network of 170 hearing centres and over 300 visiting sites remained open throughout the year, providing help to some 2,500 clients each business day. Our clients remained highly satisfied with our services, reporting satisfaction rates of between 84-86 per cent throughout the year.

Hearing Australia also made progress with the transformation of its services to make it easier, faster and better for our clients to get the help they need through improvements to its booking systems, online services and experiences within our hearing centres. This will continue in the year ahead.

During 2020-21 Hearing Australia continued to work closely with the Department of Health and the National Disability Insurance Agency to support over ten families each week get rapid access to early intervention services. These services are critical to the development of children with hearing loss.

Hearing Australia also made progress on its agenda to prevent avoidable hearing loss. With the support of Government, Hearing Australia commenced work on a strategy to improve the hearing health of First Nations children in collaboration with multiple Commonwealth, State and Territory partners. Hearing Australia also established a Prevention Unit to lead and coordinate the organisation's goal to reduce avoidable hearing loss in Australia.

A highlight for 2020-21 was the expansion of the Hearing Assessment Program - Early Ears (HAPEE) to include metropolitan areas. HAPEE is funded by the Australian Government to improve the hearing health of Aboriginal and Torres Strait Islander children aged 0-6.

During 2020-21 Hearing Australia assessed over 10,500 First Nations children in over 240 locations, with some one third of them found to have an undiagnosed hearing loss, and

25 per cent requiring referral to specialist clinical pathways. HAPEE is changing the lives of many of these children by helping them get the help they need. Hearing Australia is also working with Aboriginal and Torres Strait Islander health organisations across Australia to build hearing health awareness and capabilities within their communities.

Hearing Australia's research arm, the National Acoustic Laboratories (NAL), also made progress in 2020–21 through evidence based innovation and research to improve the lives of people with hearing difficulties. This included the publication of clinical guidance to help people with hearing aids deal with the impact of people wearing a mask while communicating with them. NAL researchers also teamed up with Hearing Australia's audiologists to improve the way Hearing Australia delivers its telehealth appointments to ensure clinical outcomes are fully met.

During 2020–21 Hearing Australia also continued to invest in the transformation of its people and its legacy ICT systems. These continue to be high priorities for the organisation.

### **Our thanks**

On behalf of Hearing Australia, I would like to thank Senator the Hon. Linda Reynolds CSC, Minister for the National Disability Insurance Scheme and Minister for Government Services, for her support.

I also thank our former Minister, the Hon. Stuart Robert MP, for his support. Hearing Australia looks forward to working closely with Minister Reynolds and the Government over the year ahead.

I would also like to thank our many partners. Your insights, support and collaboration are essential to our collective efforts to prevent avoidable hearing loss; and to deliver better outcomes to people with hearing loss and to their families and communities.

I also thank current and past members of the Board of Hearing Australia for their contribution over the past year. Your guidance has been critical and highly valued.

Finally, on behalf of the Board, I want to thank Hearing Australia's management team and staff for your resilience and commitment. I am proud of the way Hearing Australia's management team has led the organisation over the past year while maintaining the safety and security of our people and clients.

Our people have also stood up across the nation, and I thank them for the resilience and caring they bring to their work every day, especially in the face of the pandemic and the associated health restrictions and lockdowns.

**Dr Peta Seaton AM**  
Chair  
Hearing Australia

# Message from the Managing Director

Our mission is to provide world leading research and hearing services for the wellbeing of all Australians. Our clients are at the heart of everything we do, and we have a clear responsibility to deliver the best possible care, particularly in times of crisis when staying connected is so important.

In 2020-21 we helped some 290,000 clients across Australia through our national network of permanent and visiting hearing centres, visits to over 240 regional and remote communities, many thousands of home visits and through our website and call centre.

We have remained open since the start of the pandemic, with our operations continuing under COVIDSafe plans in alignment with government requirements across Australia. Over 95 per cent of our people have turned up to work every day, including during State and Territory lockdowns, with some 85 per cent of our people located in hearing centres in the community.

We also continued the innovation of our telehealth services to help our clients during lockdowns and in remote communities.

In 2020-21 we maintained our strong commitment to preventing avoidable hearing loss, especially in Aboriginal and Torres Strait Islander communities.

We established a coalition to develop a National Strategy for the prevention of hearing loss, work which is continuing into 2021-22. We also undertook research into the accessibility and availability of hearing and ear health services for Aboriginal and Torres Strait Islander children in urban areas, with the findings being used to inform better practice and service delivery. In addition, our PLUM and HATS<sup>1</sup> screening tools, which assist to identify hearing loss in young Aboriginal and Torres Strait Islander children, continue to be improved and expanded for use across a variety of primary health services.

During the year, we worked closely with the Department of Health to implement the Government's 2020 Budget investments on hearing health initiatives. We also contributed to the Government's independent review of the Hearing Services Program (HSP) and assessments of the impact of the Royal Commission into Aged Care Quality and Safety and a gap analysis of the training needs for the residential aged care workforce.

1. The PLUM (Parent-evaluated Listening & Understanding Measure) tool has 10 questions and screens for listening problems. The HATS (Hearing and Talking Scale) tool has 5 questions and screens for communication problems.



And our research arm - National Acoustic Laboratories - made significant contributions to government policy making and the delivery of research to improve the lives of people with hearing loss.

Hearing Australia operates in an increasingly competitive sector. Despite the ongoing challenges of the pandemic, we achieved a solid financial result in 2020-21, with total revenue of \$274.5 million and a profit before tax of \$12.0 million.

These results place the organisation in a sound position to face the headwinds of the ongoing pandemic and associated lockdowns, coupled with an expected reduction in revenue from HSP clients as a result of changes to the program from 1 July 2021.

I am exceptionally proud of the continuing commitment and resilience of our people, who bring to work each day a strong and unwavering passion to improve the hearing health of our community. Despite the considerable challenges of the past 12 months, our people have provided dedicated and compassionate care to our clients. They deserve particular thanks for their determination and endurance.

I also want to thank and acknowledge the many people within Hearing Australia that are leading and supporting the transformation of our services, systems and processes and ensuring that we meet in full our financial, governance, risk management and compliance responsibilities. Your work is critical to Hearing Australia's success and is highly valued.

I would also like to thank Senator the Hon Linda Reynolds CSC, Minister for the National Disability Insurance Scheme and Minister for Government Services, and our former Minister the Hon. Stuart Robert MP for their support, as well as the Board of Hearing Australia, our partners in Government and across the hearing sector, and my leadership team, for their support over the past year.

I feel very privileged to lead an organisation so committed to delivering the best possible outcomes for our clients and the communities we serve.

**Kim Terrell**  
**Managing Director**  
**Hearing Australia**

# Delivering excellent client outcomes

Our clients are at the heart of everything we do. We help anyone who needs us, regardless of their financial circumstances, age or location, and this was particularly important during 2020-21.

We provide Australians with a wide range of information, education, research and clinical services, including the fitting of hearing devices and follow-up services. This includes providing Government funded hearing services to:

- pension concession card holders
- recipients of Centrelink sickness allowance
- holders of a Department of Veterans' Affairs Gold and White card
- National Disability Insurance Scheme (NDIS) participants
- children and young adults under the age of 26 years
- adults with complex hearing needs
- Aboriginal and Torres Strait Islander adults aged over 50 years or who are participating in Community Development Programs.

During 2020-21, we provided Government supported hearing services to 72,716 clients under the Community Service Obligations (CSO) Program and 154,900 clients through the Hearing Services Program (HSP). This was an almost three per cent increase on the number of CSO clients seen in 2019-20.

We also provided hearing services to 39,507 self-funded clients, in line with our commitment to help anyone who needs us, regardless of their financial circumstances, age or location.

## The prevention of avoidable hearing loss

Hearing Australia is deeply committed to the prevention of avoidable hearing loss, particularly in Aboriginal and Torres Strait Islander children.

It is estimated that some 3.6 million Australians have hearing loss and that this number will double by 2060<sup>2</sup>.

Critically some 49 per cent of childhood hearing loss is estimated to be preventable, as is 37 per cent of adult loss<sup>3</sup>. This represents a major economic and social challenge which will grow as our population ages.

If not addressed early, hearing loss can influence the way children speak, learn and interact with others, leading to longer term speech and language challenges in their education and employment.

During 2020-21 Hearing Australia established a Prevention Unit to support the organisation improve the hearing health of high risk communities and

2. Deloitte Access Economics (2017). *The social and economic cost of hearing loss in Australia*. [http://www.hcia.com.au/hcia-wp/wp-content/uploads/2015/05/Social-and-Economic-Cost-of-Hearing-Health-in-Australia\\_June-2017.pdf](http://www.hcia.com.au/hcia-wp/wp-content/uploads/2015/05/Social-and-Economic-Cost-of-Hearing-Health-in-Australia_June-2017.pdf)

3. Hearing Care Industry Association (2017) *The Social and Economic Cost of Hearing Loss in Australia – Final report by Deloitte Access Economics* [http://www.hcia.com.au/hcia-wp/wp-content/uploads/2015/05/Social-and-Economic-Cost-of-Hearing-Health-in-Australia\\_June-2017.pdf](http://www.hcia.com.au/hcia-wp/wp-content/uploads/2015/05/Social-and-Economic-Cost-of-Hearing-Health-in-Australia_June-2017.pdf)

reduce the incidence of avoidable hearing loss in Australia.

Hearing Australia also established a coalition of partners to develop a National Strategy for the Prevention of Hearing loss. This group includes senior representatives of a wide range of hearing sector organisations including the Commonwealth Department of Health, The Shepherd Centre, the Royal Institute for Deaf and Blind Children, Macquarie University, Western Sydney University, Cochlear, the Menzies School of Health Research, Telethon Speech and Hearing, WSAudiology, Sonova Phonak, Hear For You, the Deafness Forum, Queensland Health and the National Aboriginal Community Controlled Health Organisation (NACCHO). We thank the organisations for their support for this initiative and will progress work on the strategy this year.

During 2020–21, Hearing Australia undertook research into the accessibility and availability of hearing and ear health services for Aboriginal and Torres Strait Islander children in urban areas. Key insights from the research highlighted the importance of culturally safe primary health services in promoting access to services, the need for joined up systems and integrated care pathways, and for a stronger focus on raising awareness of ear disease and how to prevent its long-term impacts.

In addition, our PLUM and HATS screening tools to identify hearing loss in young Aboriginal and Torres Strait Islander children continued to be improved and expanded for use across a variety of settings, including primary health services. We also partnered with NSW TAFE Digital to include a PLUM and HATS learning module in the Commonwealth Government funded

Ear Train program, a free online course for primary health care professionals to better identify and treat otitis media and other hearing loss related conditions in Aboriginal and Torres Strait Islander communities.

### **Hearing Assessment Program – Early Ears**

Hearing Australia's Hearing Assessment Program – Early Ears (HAPEE), funded by the Australian Government, is improving the hearing health of young Aboriginal and Torres Strait Islander children before they start fulltime school.

The Program initially focussed on remote and very remote locations and, due to its success, was expanded to metropolitan and regional areas during 2020–21 to ensure that all young First Nations children have access to free hearing assessments, no matter where they live. The program is also upskilling Aboriginal and Torres Strait Islander primary health care services so they can better detect and manage ear disease and to improve community awareness of the importance of hearing health.

During 2020–21 HAPEE assessed 10,518 First Nations children in some 240 communities across Australia. Some 30 per cent of these children were found to have undiagnosed middle ear infections and some 25 per cent had some form of undiagnosed hearing loss and required referral to clinical specialists. Without HAPEE, the identification and referral of these children would not have occurred, or would have been delayed.

Funding for HAPEE concludes at the end of 2021–22. Hearing Australia will explore opportunities to obtain additional funding for the Program, given the benefits it is delivering for young First Nations children and their families and communities.



HAPEE spokespeople: Emma Donovan with her daughter, Jirriga, and Luke Carroll with his son, Enzo.

### HAPEE – A program changing lives

The HAPEE program was developed with Aboriginal Community Controlled Health Services representatives and First Nations hearing health practitioners and is funded by the Australian Government.

Young children with ear disease often don't show any signs of trouble; however, their hearing loss can lead to delayed speech and educational development and prevent them from fully participating in life.

HAPEE provides free community based diagnostic hearing assessments by trained audiologists and follow up treatment to children aged 0–6 years. The Program focuses on the early detection and treatment of otitis media as a first step towards preventing avoidable hearing loss.

Through HAPEE, Hearing Australia provides ongoing support to parents while building awareness and hearing health capabilities within communities.

**“The HAPEE program is great because we have been able to help our children who have hearing problems. With the support of the program, our children now have the ongoing hearing help they need.”**

**– Little Murguwans Aboriginal Cultural Playgroup**

Since the 2019 launch of HAPEE, over 10,500 children have had free hearing assessments in 240 communities across Australia.

Hearing Australia is also actively promoting HAPEE in communities across Australia with the support of two spokespeople – singer and songwriter, mum and Gumbaynggirr, Dhungatti, Yamatji and Bibbulman woman, Emma Donovan; and Wiradjuri man, acclaimed actor and father, Luke Carroll.

## Community Service Obligations Program

The CSO Program is funded through the HSP and provides Government subsidised hearing services (assessments, hearing devices and ongoing support) for children, young adults, eligible adults with complex needs, and Aboriginal and Torres Strait Islander people.

Hearing Australia delivers this Program under an Agreement with the Department of Health. During 2020-21 this Agreement was extended for three years from 1 July 2021.

During 2020-21, Hearing Australia provided CSO services to 72,716 CSO clients - a 2.9 per cent increase compared with the previous financial year and the highest number of clients seen in any year to date. Client satisfaction rates were high, at around 90 per cent.

All of the Key Performance Indicators for the CSO Program were achieved during 2020-21, despite the impact of the pandemic and State and Territory lockdowns and travel restrictions; highlighting Hearing Australia's commitment to provide timely access to services for those who needed them, regardless of where they live in Australia.

During 2020-21 Hearing Australia also launched a new edition of our highly popular *Choices* publication – a resource for parents of children newly diagnosed with hearing loss. This publication is available to families at no cost and was developed in partnership with Aussie Deaf Kids, Usherkids, Parents of Deaf Children (NSW), Deaf Society and Deaf Services NSW and the National Disability Insurance Agency. Hearing Australia thanks these organisations for their support in producing the publication.

## Services for babies, children and young people up to age 26

In 2020-2021, Hearing Australia provided services to 30,482 young Australians under the age of 21. We also provided services to 4,812 young adults between 21 and 26 years of age.

During the year, 5,195 remote microphone systems were fitted to children and young adults. Remote microphone systems are used in addition to hearing aids and cochlear implants to overcome the adverse effects of distance, background noise and reverberation on hearing quality. They can be particularly useful in a classroom environment.

We also provided 660 speech processors through the Cochlear Implant Speech Processor Upgrade and Replacement Program. Hearing Australia is working with the Department of Health on options to meet high levels of demand for this program.



### Case study – Paediatric Services

Hearing Australia uses a range of strategies to ensure that young people nationwide are provided with high quality hearing services.

Our Specialist Clinical Services team develops and regularly reviews clinical protocols to ensure they support the highest quality services. Our clinicians work closely with our National Acoustic Laboratories (NAL) scientists, enabling research evidence to be translated promptly into clinical practice, and providing a pathway for contemporary clinical issues to inform NAL's research priorities. Our specialist clinical coaches and clinical leaders support staff development and quality assurance; through training, mentoring and a regular audit program.

Our clinicians work with children with all degrees of hearing loss, abilities and ages; and have undertaken close to 120 hours of formal training and supervision in paediatric audiology, in addition to their university qualifications. They provide services through our permanent Hearing Centres; visits to specialist schools and early intervention programs; outreach to urban, regional

and remote Aboriginal and Torres Strait Islander communities; and through participation in multi-disciplinary hospital clinics.

Our Principal Audiologists, Clinical Leaders, Coaches and Paediatric Audiologists further contribute to the progress of paediatric audiology locally and around the world by participating in research; contributing to professional publications; presenting at conferences; delivering University lectures; and providing in-services support to educators and families.

Our paediatric services also recognise the expertise that families bring to the table, moving away from historical clinician driven service models towards contemporary child and family centred services.

As part of our commitment to support and educate families, in 2020 Hearing Australia collaborated with parent representatives to produce the esteemed *Choices* publication, a resource that helps families navigate their child's hearing journey from the early days of diagnosis through to schooling and beyond.

## Services for Aboriginal and Torres Strait Islander children and young adults

In 2020-21, we saw a total of 4,007 Aboriginal and Torres Strait Islander children and young adults aged under 26 years through the CSO program. This represents 13 per cent of the total number of children and young adults who received our services during the year.

Our focus on providing earlier care for Aboriginal and Torres Strait Islander children who have persistent hearing impairments is resulting in visible impacts. Between 2008 to 2020, the peak age of first fitting of a hearing aid for Aboriginal and Torres Strait Islander children has dropped from eight to four years of age, with a threefold increase in the proportion of children aided by the time they turn four years old. The age of first fitting is a key indicator of the accessibility and effectiveness of hearing assistance pathways from newborn hearing screening or primary health services through to Hearing Australia.



## Services for Aboriginal and Torres Strait Islander Adults

In 2020-2021 Hearing Australia provided services to 6,976 Aboriginal and Torres Strait Islander adults - a 10.6 per cent increase compared with the previous year. Over the past five years, this client group has increased by an average of 10.2 per cent annually. Sixty three per cent of these clients chose to receive hearing services at one of our Hearing Centres or Visiting sites, with 37 per cent receiving services at a community location through our Outreach program. We worked closely with Aboriginal and Torres Strait Islander communities to provide hearing services in urban, regional and remote locations, providing an average of 4.7 visits to each of 226 communities.

### Services for adults with complex hearing rehabilitation needs

In 2020-21, we provided services to 30,040 adults with complex hearing needs. The majority of these adults have a severe or profound hearing loss or a poor understanding of speech - this group of clients requires much more than just a well fitted hearing aid to participate fully in life. Other clients in this group may have hearing loss and an additional disability which impacts their communication. Some 79 per cent of adults with complex needs seen by Hearing Australia were provided with a specialised communication assessment and individual training programs to maximise their communication ability and to assist them in continuing to take part in activities they enjoy.

## Delivery of services under the NDIS

Hearing Australia is an approved provider of services under the National Disability Insurance Scheme (NDIS). During the financial year, Hearing Australia provided hearing services to 667 NDIS participants who were not otherwise eligible for the HSP. These services included hearing device fittings, provision of remote microphone systems and assistive listening devices.

Hearing Australia also maintained the NDIS early intervention pathway for children with hearing loss aged 0–6 years, which provides expedited access to NDIS services for this group. In 2020–21 we helped 621 families to access this pathway and gain the support they need for their children.

## Commercial Hearing Services

Hearing Australia provides commercial hearing services to pensioners and veterans who are eligible for Government funded services through the HSP and to self-funded clients who meet the cost of their own services.

During 2020–21, we provided services to 154,000 to HSP clients. This was a 10 per cent decrease on the 2019–20 financial year, largely due to decreased demand associated with the pandemic. We also provided services to 39,507 self-funded clients during 2020–21.

Client feedback remained highly positive during the year, with client satisfaction at over 86 per cent.

## Business Transformation

Our business transformation agenda continued in 2020–21. We made good progress with our program to replace our legacy ICT systems and this work will be completed in 2021–22. This is a key pillar in the organisation's

transformation agenda and will see the replacement of our core client and financial management systems. We also commenced an ICT Modernisation Program during the financial year to improve the organisation's telephony, cyber security and service management capabilities and upgrade the Hearing Australia website. These changes will support further enhancements to our digital services for our clients.

Work also continued on our Strategic People Agenda. We identified the core competencies our audiologists will need for the future success of our organisation and commenced a review of our learning and development strategy to ensure alignment of our learning and development initiatives with our Corporate Plan commitments and our broader business transformation agenda.

During the year we also commenced work on a new Reconciliation Action Plan (RAP) for the organisation. Hearing Australia is committed to a future in which Aboriginal and Torres Strait Islander peoples take up their rightful opportunities, grow strong in their identity, culture and language; and in which ear and hearing problems do not alter the trajectory of their lives. Our vision for reconciliation is to walk and work together with Aboriginal and Torres Strait Islander peoples in respectful and meaningful partnerships towards this future. We empower our people to share knowledge and we encourage and provide opportunities for our organisation to learn, celebrate and understand First Nations cultures and history. Our new RAP will be launched in 2021–22.



## Case Study – Development of the HAPEE App

To support effective operation of the HAPEE Program, Hearing Australia audiologist Jacqui Peck, with the support of CIO Mike Brett and Hearing Australia's ICT team, developed an app to streamline processes, improve program accessibility and ensure effective data collection, to deliver better hearing health outcomes for the community.

The HAPEE Program's Community Engagement Officers are Hearing Australia team members with Aboriginal and Torres Strait Islander heritage who work with local communities to ensure that the care HAPEE provides meets community needs and is delivered in a way which is culturally safe.

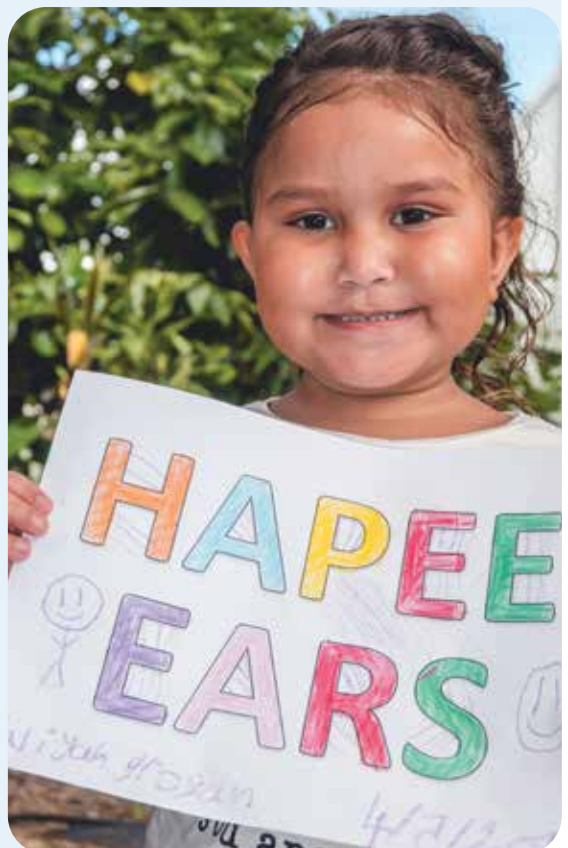
Much of the information that Community Engagement Officers collect to ensure the effectiveness of the Program was new to Hearing Australia, and so wasn't easily captured in existing systems.

Jacqui used PowerApps to create a system to collect and manage data for HAPEE. This app, called the HAPEE Operation Hub provides a single location for all HAPEE's operational and business data, including information relating to the Program's community awareness raising and capability building activities. The app allows most data to be entered on a desktop computer, with relevant information able to be accessed using mobile devices while out working on the road and in remote communities.

The breakthrough nature of the app has been recognised, winning the Australian Information Industry Association's ACT Division Government and Public Sector Solution of the Year Award and it is also a finalist for the national awards.

An Outreach Mobile app is also currently under development. This app is being developed specifically for use on mobile devices and will provide clinicians with links to training materials and will link HAPEE Program information with broader Hearing Australia information, providing an easy way to access all relevant information, anytime and anywhere.

There are also plans underway to pilot a secure portal which will allow third parties, such as the suppliers of equipment used in HAPEE, to facilitate collaboration with HAPEE data, improving communication and workflows to better support Aboriginal medical centres and HAPEE with equipment monitoring – all with strict controls over access to this information.



## Telehealth

We have continued to increase our use of telehealth services and digital touchpoints to provide seamless and streamlined end-to-end journeys for our clients and to improve client access to our services. This also helped us to support clients during COVID lockdowns, so that clients could get the help they needed without leaving their home.

To ensure we continue to deliver high quality care, regardless of the channel used and to best meet our clients' needs, NAL researchers teamed up

with Hearing Australia's audiologists to contact over 100 clients to review clinical outcomes following either remote or face-to-face appointments. This research provided strong evidence that remote follow-up appointments are just as effective as in-person appointments in terms of client outcomes and care.

We will continue to explore ways that teleaudiology and digitally enabled services can support the delivery of high quality hearing services to the community, regardless of age, location and income status.



### Case Study – Telehealth

Maintaining community access to hearing services during the pandemic has been a high priority for Hearing Australia over the past 12 months.

Hearing Australia's free online hearing screening assessment was developed by National Acoustic Laboratories (NAL) and is available on our website. It takes some five minutes to complete, and the results indicate whether a person has a hearing loss and, if so, provides information on how to book an appointment with a Hearing Australia audiologist.

Hearing Australia provides telehealth services through a number of methods including telephone and video appointments with clients, family members, nursing home staff, or doctors. Certain hearing devices are also able to be programmed and adjusted remotely.

Research undertaken by NAL indicates that clinical outcomes from telehealth appointments can deliver the same clinical outcomes as those delivered in-person.

For Hearing Australia clients, like 68 year old Christopher, telehealth services were a 'lifeline' during lockdown and have now become a convenient way of staying connected.

"I was impressed with the way in which my local Hearing Australia centre had programmed my hearing aid remotely in line with my latest hearing test results. I was self-isolating when COVID-19 hit and my audiologist was there to help at every step along the way, online and on the phone. So, all I needed to do was arrive and collect my hearing aid without having an appointment," says Christopher.

"I'm back talking to my daughter and grandkids on FaceTime, I can also enjoy listening to music and keep up to date with the latest news," adds Christopher.

# Providing great value to Government and partners

## Minister for Government Services

Hearing Australia reports to and is accountable to the Minister for Government Services

Senator the Hon. Linda Reynolds CSC, the Minister for the National Disability Insurance Scheme and Minister for Government Services, is responsible for administering the *Australian Hearing Services Act 1997* (AHS Act), except to the extent that the AHS Act is administered by the Minister for Health, the Hon. Greg Hunt MP. Prior to the appointment of Senator Reynolds to this role on 30 March 2021, the Hon. Stuart Robert MP was the Minister for the National Disability Insurance Scheme and Minister for Government Services, and therefore was previously the Minister responsible for Hearing Australia.

The Department of Social Services (the Department) works closely with Hearing Australia, providing advice to the Minister in relation the Minister's responsibilities regarding Hearing Australia.

## The Australian Hearing Services Act

Hearing Australia is established under the AHS Act, the purpose of which is to establish the authority and provide for its functions.

The functions attributed to Australian Hearing Services (trading as Hearing Australia) are in Part 2 Section 8 of the AHS Act:

- (a) to provide hearing services to voucher holders in accordance with an agreement entered into by the authority under Part 3 of the *Hearing Services Administration Act 1997*:
- to provide declared hearing services to young Australians
  - to provide declared hearing services to referred Comcare clients
  - to provide declared hearing services to referred Commonwealth employees
  - to provide declared hearing services to designated persons.

- (b) to carry out research and development (including co-operative research with other institutions) into:
  - assessment of hearing
  - hearing aids and procedures for fitting hearing aids
  - hearing rehabilitation
  - hearing loss prevention
  - the effects of noise on the community.
- (c) to enter into arrangements for research, design and development of hearing services
- (d) to enter into arrangements for supply of hearing services
- (e) to provide, as appropriate, for the training and education of persons or bodies (including overseas bodies) providing hearing services
- (f) to provide advice on, and to conduct public education programs in relation to, hearing services provided by the authority
- (g) to develop standards in relation to noise levels in the community that are acceptable in connection with the prevention of hearing loss
- (h) to provide consultancy services relating to any of the matters referred to in this subsection
- (i) to promote the establishment of export markets for Australian hearing services
- (j) to operate special acoustic facilities for acoustic measurement and research
- (k) such other functions as are conferred on the authority by the Act
- (l) any functions incidental to any of the foregoing functions.

### **Providing value to Government and Partners**

Hearing Australia's large national footprint coupled with our research capabilities; expertise in paediatric services; and working with Aboriginal and Torres Strait Islander communities, adults with complex needs and pensioners and veterans; means we are uniquely placed to deliver exceptional value to Government and our partners across our community services and our commercial operations.

In 2020-21, highlights included:

- working closely with the Department of Health on implementing the Government's Budget investment of \$21.2 million on key initiatives in the Roadmap for Hearing Health.
- continuing to contribute to Government policy by responding to, and supporting, the Review of the Hearing Services Program (HSP); advising on impacts of the Royal Commission into Aged Care Quality and Safety; and contributing to a gap analysis of training needs for the residential aged care workforce.
- progressing several pilot projects with Cochlear, *NextSense*, The Shepherd Centre and the NSW Departments of Education and Health.
- developing a research alliance with Macquarie University.
- forming a new partnership with the Australian Society of Otolaryngology, Head & Neck Surgery (ASOHNS) and the Australian Healthcare and Hospitals Association (AHHA) and being jointly successful in securing a \$700,000 grant to improve access and pathways to care for Aboriginal and Torres Strait Islander children with middle ear related disease.
- partnering with Macquarie University, the Poche Centre for Indigenous Health, The Shepherd Centre, *NextSense* and a number of Aboriginal Medical Services, and being jointly successful in securing a grant to improve access and pathways for young Aboriginal and Torres Strait Islander children to early intensive listening, language and communication support services.

We also hosted a visit by the then Minister for Regional Health, Regional Communications and Local Government to the Australian Hearing Hub in December 2020, including a first hand view of work in our Macquarie Park headquarters and meetings with other key stakeholders.



The National Acoustic Laboratories made considerable progress in 2020-21 towards its mission to lead the world in hearing research and evidence based innovation to improve hearing health and transform the lives of people with hearing difficulties.

During 2020-21, NAL commenced 17 new projects, including several rapidly developed projects to address problems faced by people with hearing loss and by audiologists due to the global pandemic. These include the publication of research and clinical guidance to help people with hearing aids better manage the impact of people wearing a mask while communicating with them. This information is now being used by clinicians within Australia and overseas. NAL also successfully piloted a technology that allows unaided people with hearing loss to better understand a talker in a clinical environment.

Additionally, NAL addressed the emerging use of telehealth by conducting research to understand the impact of remote services on clinical outcomes. The resulting data provided strong evidence that telehealth appointments are just as effective as in-person appointments in supporting the outcomes of clients.

NAL also completed a number of research projects funded by the Department of Health and Hearing Australia, including research on Defining Outcomes for the HSP. This work is supporting the development of improvements to the HSP and of broader clinical, technology and service delivery standards.

NAL delivered two reports on research commissioned by the Department of Health, both related to key priorities in the 2019 Roadmap for Hearing Health. One report, *Making a noise about hearing: Factors to consider when developing hearing health awareness messages for Australians*, highlights how a national hearing awareness campaign would help to address several long standing systemic issues in hearing health, and includes recommended awareness messages and strategies for seven key target groups. The other - *Defining outcomes for the Hearing Services Program* - provides recommendations for the outcomes which should be used to measure the success of hearing rehabilitation, developed in conjunction with over 70 stakeholders including clinicians, consumers, device manufacturers, professional organisations, and client advocacy groups.

NAL initiated two further new projects commissioned by the Department of Health. One is to provide evidence

on the benefits of upgrading cochlear implant processors. The other is to provide evidence based recommendations for eligibility for hearing devices in the HSP.

During 2020-21, the Department of Health also committed to financial support for the Longitudinal Outcomes of Children with Hearing Impairment (LOCHI) study for the next five years with a special purpose grant – evidence of the value that LOCHI insights bring to health care policy. This grant will also help fund the creation of a longitudinal study on the impact of *otitis media* on Aboriginal and Torres Strait Islander children – the beginning of a First Nations LOCHI study.

To ensure that NAL's focus continues to be at the leading edge of hearing research, in 2020-21 it undertook a review of its strategy, including examination of major trends in hearing healthcare and views from leaders and experts in the industry worldwide. NAL's research priorities going forward will address several key challenges in hearing healthcare, including:

- Making hearing services using connected health technologies more accessible, acceptable and personalised
- Improving diagnosis, management and ongoing support for people with hearing loss using big data to help develop artificial intelligence tools
- Understanding and addressing behaviours related to ear and hearing health awareness and healthcare uptake in Aboriginal and Torres Strait Islander communities
- Developing targeted solutions for different groups with speech-in-noise listening difficulties.



### Case Study – NAL contribution to the review of the Hearing Services Program

During 2020-21, NAL was an active contributor to the Department of Health's review of the HSP, developing the report *Defining Outcomes for the Hearing Services Program*.

To assess the effectiveness of hearing interventions for participants and their communication partners, it is essential to have appropriate outcomes measures. There are currently few measures which are widely used and accepted as a 'gold standard', and no national guidelines on what outcomes should be used, and for which patient populations.

NAL's study aimed to seek views and consensus from a range of stakeholders to define which standardised outcome measures should be used for the HSP; and to identify current and future potential mechanisms and systems to standardise the collection of data and reporting of outcomes. The study also aimed to identify how the outcomes for the program should be modified for specific populations such as Aboriginal and Torres Strait Islander peoples; adults with specialist hearing needs; and young people.

The study found that the Program should focus on a client's communication ability, including communication with family and in groups, using the Glasgow Hearing Aid Benefit Profiles. The report also recommended that the general wellbeing of program participants be measured, plus the quality of a participant's personal relationships and their participation in society – with these measures offering insights into the impact of hearing rehabilitation efforts and facilitating comparison between program participants and the broader community. The study also indicated that measures should be taken at, or before, the fitting of hearing devices, plus at three months after fitting, to see how hearing has improved.

The study found that the measures recommended for general participants under the HSP 'Voucher' scheme are unlikely to be applicable to specific participant groups, and further consultation with stakeholders should be undertaken to get a clearer view on how to appropriately apply outcomes measures to these groups.



# A high performing organisation

## Achieving high performance

Hearing Australia aspires to be a high performing organisation which is financially sustainable, highly reputable and successful in pursuing its strategic objectives. Our focus in 2020-21 has included:

- Optimising operational efficiency and effectiveness across people, processes, research and technology, including progressing the replacement of our legacy ICT systems to underpin our digital transformation.
- Maintaining the health, safety and wellbeing of our people and clients in the context of the pandemic.
- Increasing our use of data to better inform service design, customer experience and organisational performance.
- Developing our leadership, people and research; instilling the right culture and inspiring new ways of working and thinking throughout the organisation.
- Conscious and deliberate consideration of risk and compliance.
- Sustainably growing commercial revenue and profits in line with our vision and objectives.

## Our People

Our people are the key to Hearing Australia's success. Our Strategic People Agenda has focussed on identifying the core competencies our people will need for the future success of the organisation and ensuring the ongoing safety and wellbeing of our staff in the context of the pandemic.

## Safety and Wellbeing

Keeping our people and our clients safe is our number one priority. During 2020-21 Hearing Australia has continued to maintain a strong focus on providing a safe and healthy workplace for staff, clients and visitors, with a particular focus in managing the challenges of the pandemic.

Additional Work Health and Safety measures were maintained to ensure the continued wellbeing of staff and clients. These measures included providing frequent guidance to staff on evolving State and Territory Government requirements; the use of additional personal protective and cleaning equipment; enhanced staff support under our Employee Assistance Program; additional learning and development support for managers to lead their staff in a changing environment; continuing our operations under a COVIDSafe plan which complies with relevant State and Territory requirements; the maintenance of related guidelines and procedures for our people; and providing our people with up to date information on the Government's Vaccination Program.

We are continuously improving our performance in this area and striving to make our workplace injury free whilst meeting our obligations under the *Work Health and Safety Act 2011* and the *Safety, Rehabilitation and Compensation Act 1988*.

We promote health and wellbeing awareness among employees, and in 2020-21, our staff had access to:

- Workplace assessments and ergonomic equipment
- Influenza vaccinations

- Flexible working arrangements, including home-based work
- Role specific work health and safety training at key stages in the employee lifecycle.

Our workers compensation performance is above average in comparison with that of other Commonwealth entities.

There were no notifiable incidents and Hearing Australia was not issued any Prohibition, Non-Disturbance or Provisional Improvement notices by Comcare for 2020-21.



### Case Study – Teamgage

During the challenges of the past 12 months, the safety, engagement and wellbeing of our people have been a particular focus for Hearing Australia. We have implemented a program of regular staff surveys, as a key tool in measuring and facilitating high levels of staff engagement, performance and wellbeing.

Every month, our people's views are sought through 'Dial Up with Teamgage'. This is an anonymous pulse survey which facilitates two-way feedback between teams and their managers to generate a high performance culture.

Results of this survey are regularly discussed with teams to develop action plans which support high engagement and performance. The feedback can be viewed in real time, meaning that responses to feedback may be actioned quickly.

Our 'Raise The Bar' survey, conducted twice a year, focuses on 20 key areas that we are committed to improve and grow across our business. This survey provides an opportunity for our people to generate actionable insights to assist us to improve corporate performance in these focus areas. Results from this survey are used to shape priorities over the coming six months and inform a loop of continuous improvement.

## Financial Performance

As at 30 June 2021, total revenue for the financial year was \$274.5 million, \$17.8 million or 6.9 per cent higher than last year.

Profit before tax was \$12.0 million to 30 June 2021, \$1.8 million lower than 2019–20, as a result of lower than forecast demand arising from impacts of the pandemic.

Further details of our financial performance for the year are provided in the Financial Statements.

## Managing Risk and Compliance

Effective risk management and compliance are an integral part of Hearing Australia's operations. We manage risk and compliance in accordance with section 16 of the *Public Governance, Performance and Accountability Act (2013)*, the Commonwealth Risk Management Policy and in alignment with international standards for risk and compliance.

The Hearing Australia Board oversees risk management and internal control within Hearing Australia, on advice from the Managing Director, the Chief Risk Officer and the Audit and Risk Management Committee. Members of the Executive are responsible for implementing risk management within their business and operational units, and report regularly to the Chief Risk Officer and Managing Director.

## Our approach to risk and compliance

Hearing Australia recognises that risk management is an integral part of good business and governance and is committed to building a culture where the conscious and deliberate consideration of risk is an integral part of Hearing Australia's ways of thinking and working.

Hearing Australia manages risks as a routine part of its strategic and operational business planning processes. Identified risks are planned for and managed, taking account of Hearing Australia's broader purpose, strategic objectives and priorities.

Our Risk Management Policy ensures that a clear and consistent approach to risk management is applied across our business. The Risk Management Framework provides a formal process and helps our people to understand and actively manage risk in their day-to-day work.

Hearing Australia is committed to ensuring compliance with laws, regulations and policies applicable to how we operate. Our Compliance Policy and Compliance Framework sets the expectations for how our people identify, understand and manage the obligations applicable to our business.

We have established a Compliance Program which sets out the activities and outcomes that are delivered each year to ensure that Hearing Australia meets its obligations.

### Our strategic risks

The Executive of Hearing Australia regularly reviews the organisation's strategic risks and reports to the Audit and Risk Management Committee on a quarterly basis. All strategic risks are assigned a risk owner from the Executive. Risk owners must ensure risks are actively managed with emerging threats and opportunities identified and addressed.

## Competition and Competitive Neutrality

In support of established policy on choice and competition, Hearing Australia operates in accordance with the Australian Government's competitive neutrality policy, a policy first established in 1996 to ensure that government businesses do not enjoy market advantages due to the fact that they are owned by Government.

Hearing Australia is fully compliant with this policy.

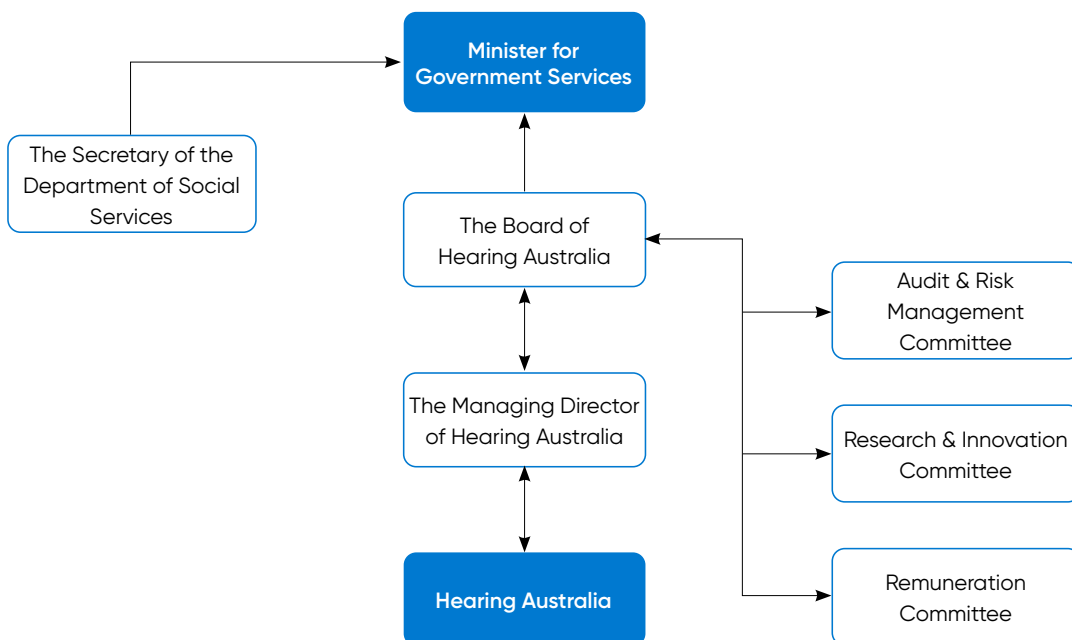
# Organisational structure and governance

## Governance Arrangements and Executive Governance Structure

Hearing Australia operates under the *Australian Hearing Services Act 1991 (AHS Act)* and the *Public Governance, Performance and Accountability Act 2013 (PGPA Act)*. Under the PGPA Act, Hearing Australia is defined as a Corporate Commonwealth Entity.

The Board of Hearing Australia is our accountable authority, and it is responsible for determining the objectives, strategies and policies to be followed and to ensure Hearing Australia performs its functions in a proper, efficient and economical manner.

The functions and powers of the Board are set out in sections 8 and 9 of the AHS Act and are summarised in the section 'Board Governance'.



## Board of Directors

### Board appointments

Directors are appointed to the Board of Hearing Australia on fixed terms by the Minister. All are Non-Executive or Special Purpose Directors, except for the Managing Director. The names and details of the Directors in office during 2020-21 are detailed below.

Ms Andersen's and Mr Crawford's appointments to the Board ceased on 29 August 2020.

Ms Liew and Ms Crouch commenced their appointments to the Board on 3 September 2020.

### Directors' details

#### **Dr. Peta Seaton AM, Chair, PhD, BA (Hons) (USyd), GAICD**

Dr Seaton AM was appointed as Chair on 8 December 2014. She is the Principal of Strategic Consulting, a Non-Executive Director of the Menzies Research Centre (since November 2015) and President of the Near Eastern Archaeology Foundation Council at the University of Sydney. She is formerly a Non-Executive Director of the Bradman Foundation, CARE Australia and BDCU Alliance Bank. A former NSW Parliamentarian and frontbencher, Dr Seaton served as Director of Transition and Director of Strategic Priorities in the NSW Premier's Office from 2011-2014.

#### **Jody Currie, Non-Executive Director**

Ms Currie was appointed as a Non-Executive Director on 30 August 2017. She is the CEO of the Aboriginal and Torres Strait Islander Community Health Service (ATSICHS) Brisbane. She is a member of the Australian Institute of Company Directors. She currently serves on the Board of the Brisbane Indigenous Media Association and was a member of the Board of the Queensland Poetry Festival. Prior to her position as CEO, Ms Currie was a member of the ATSICHS Board over a six year period, two of these as Chair. Ms Currie has a lengthy history in Aboriginal and Torres Strait Islander human service delivery and is a strong advocate for improving service accessibility to Aboriginal and Torres Strait Islander peoples. She has a passion and focus on child protection and health, after her experience in a variety of roles in both the community and government sectors.

**Sarah Vaughan, Non-Executive Director, M IT, GradDip Comm, Mgt**

Ms Vaughan was appointed as a special purpose member of Hearing Australia's Innovation Strategy Committee on 30 January 2017 and then appointed as a Non-Executive Director in August 2017. Ms Vaughan has held a number of positions in the public and private sectors. She is a graduate of the Australian Army's Royal Military College and spent eight years in the Army in a variety of Communications and Information Systems management roles. She holds a Masters Degree in Information Technology and is a graduate of Stanford's executive education programme in Design Thinking. Ms Vaughan was most recently a Senior Director at Microsoft Australia, and has a strong background in stakeholder engagement, product commercialisation, as well as the application of emerging technology.

**Shirley Liew, Non-Executive Director, BBus, MBA, GDip Corporate Finance, FCPA, FAICD**

Ms Liew was appointed to the Board on 3 September 2020 and brings extensive public and private health experience, including in the ageing sector. Ms Liew also has a strong commercial background in finance, retail, transport, food, and mergers and acquisitions.

Ms Liew chairs Hearing Australia's Audit and Risk Management Committee and that of the Central Coast Local Health District. Ms Liew is a Fellow of CPA Australia as well as being a Chartered accountant with extensive experience in leadership and senior technical roles as an audit, assurance and advisory partner for major accounting firms.

**Elizabeth Crouch AM, Non-Executive Director, BEc, FAICD**

Ms Crouch brings strong government and policy expertise and extensive Non-Executive Director experience to Hearing Australia's Board including as a Board member for Western Sydney Local Health District, Health Infrastructure and the NSW Institute of Sport.

Ms Crouch also chairs the boards of the Customer Owned Banking Association, the Sydney Children's Hospital Network and SGS Economics and Planning. Ms Crouch is also the Emeritus Deputy Chancellor of Macquarie University. Ms Crouch is skilled in business strategy and delivery, enterprise risk management, leadership and mentoring, government relations, stakeholder relations, and culture change.

**Kim Keogh, Special Purpose Director**

Mr Keogh was appointed as a Special Purpose Director of Hearing Australia on 1 September 2018. Mr Keogh was previously a Director of Hearing Australia over the period of 2007 to 2013. He is currently an Executive Director of Darlot Brothers Pty Ltd and a government relations/public affairs advisor to Atlas Iron Ltd, Pilbara Minerals Ltd and Balla Balla Infrastructure Pty Ltd. Previously he was a member of the National Heritage Trust Advisory Board, Chair of the Ministerial Reference Group (Agriculture and Environment), member of the National Weeds Advisory Group and pastoralist. He is a member of the Australian Institute of Company Directors.

**Kim Terrell, Managing Director, B Arts, Master's Degree in Public Policy**

Mr. Terrell was appointed Acting Managing Director of Hearing Australia on 1 March 2018 and appointed Managing Director on 1 September 2018. His extensive career includes working with and advising various Ministers, Prime Ministers and their offices, to initiate significant improvements across various government programs. He played a key role in establishing three agencies: the Digital Transformation Office (DTO), the Australian Sports Anti-doping Authority (ASADA) and the CrimTrac Agency, and is highly experienced in building innovative, high performing teams. He was instrumental in creating myGov and driving digital transformation across the Department of Human Services and the government. He has a Bachelor of Arts degree, a Masters Degree in Public Policy and four Australia Day awards. In addition to his professional achievements, Kim was an Australian Swim Team member from 1981-86 and attended the 1982 Commonwealth Games and 1984 Olympics.

**Previous Directors**

**Sam (Sandra) Andersen, Non-Executive Director, LLB (QUT), CPA, FAICD, F Fin**

Mrs Andersen is a Certified Practicing Accountant with a Bachelor of Laws degree. She is a Fellow of Finsia (the Financial Services Institute of Australasia) and the Australian Institute of Company Directors. She was appointed as a Non-Executive Director of Hearing Australia on 30 August 2013, is Chair of the Australian Packaging Covenant Organisation Limited, Chair of Beyond Bank Australia and Chair of the Department of Premier & Cabinet Victoria, Audit & Risk Management Committee. Mrs Andersen is also a member of the Board of Trustees for Melbourne Convention and Exhibition Trust, Director of Agriculture Victoria Services Pty Ltd and a board member of the Victorian Land Registry Services.

**Chris Crawford PSM, Non-Executive Director, BA (Hons) (UNSW), LLB (UNSW), LLM (USyd) and MBA (MU), GAICD**

Mr Crawford was appointed as a Non-Executive Director on 30 August 2017. He is the Principal of Crawford Consulting, a Graduate Member of the Australian Institute of Company Directors and a Member of the Industry Advisory Committee of the Macquarie University Centre for the Health Economy. Previously he was consecutively Chief Executive of the Northern NSW Local Health District, North Coast Area Health Service and Northern Rivers Area Health Service for over 15 years. Prior to that he was Executive Director of St George Hospital and Community Health Service and earlier he served as Chief of Staff to the NSW Minister for Health. He has Master of Business Administration and Master of Laws degrees and, for his services to Health, he received the Public Service Medal.

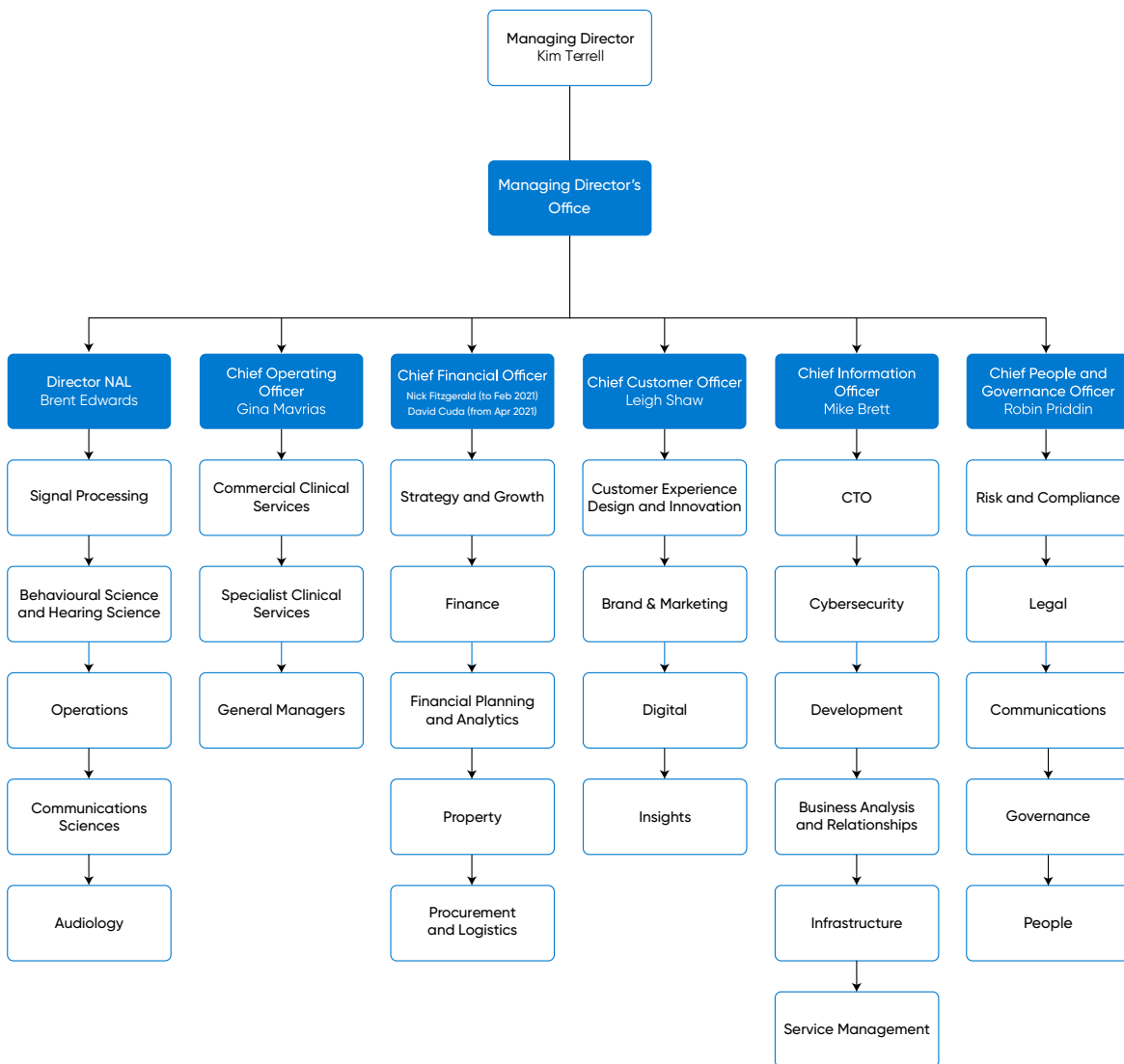


## Executive Governance

### Executive Governance Structure

Hearing Australia’s Executive Team is responsible for the efficient and effective operation of Hearing Australia and for developing strategies and policies for Board consideration.

Hearing Australia’s Executive Team and their responsibilities is illustrated below.



## Executive Management

### Executive

#### **Kim Terrell, Managing Director**

Refer to Directors' details.

#### **Gina Mavrias, Chief Operating Officer**

Gina Mavrias has a Bachelor of Science Degree and a Diploma of Audiology from the University of Melbourne and completed the General Management Program at the Australian Graduate School of Management in 2007. Gina has been a member of the Hearing Australia Executive team since 2004. She has extensive knowledge of the business and the hearing industry and currently holds the role of Chief Operating Officer. She is responsible for the management of operations and service delivery across a national network of sites. This includes responsibility for clinical policies and procedures.

#### **Brent Edwards, Director NAL**

Brent Edwards, Ph.D., is Director of the National Acoustic Laboratories. Brent has spent his career leading research and technology departments at major hearing aid companies *GN ReSound* and *Starkey Hearing Technologies* and at Silicon Valley startups *SoundID* and *Earlens*. His work has led to the development of innovative hearing technology, clinical tools, novel diagnostics and outcome measures that have benefitted hearing aid wearers and audiologists worldwide. Brent founded and developed the Starkey Hearing Research Center which is a leading site for research in hearing impairment and cognition. Brent is a Fellow of the Acoustical Society of America, a Fellow of the International Collegium of Rehabilitative Audiology, and Honorary Associate Professor at the University of Nottingham's School of Medicine. Brent received his Ph.D. in electrical engineering and computer science from the University of Michigan and was a Postdoctoral Fellow in psychology at the University of Minnesota.

**Mike Brett, Chief Information Officer**

Mike Brett was appointed to the role of Chief Information Officer at Hearing Australia in April 2019. Mike has enjoyed a rewarding career both in the Australian Public Service and the private sector. Mike has worked in many different roles in ICT over nearly 35 years, starting at the bottom as a batch scheduler in a computer centre and then undertaking many different roles ranging from technical delivery through to management of application development centres. Mike has previously held senior roles in the Department of Human Services, including General Manager ICT Infrastructure, where he was responsible for the integration and consolidation of three large infrastructure capabilities and, Chief Technology Officer responsible for the Department's ICT Strategy and Architecture. Mike has a Bachelor of Computing from Monash University and a Masters of Business Administration from the University of Adelaide.

**Robin Priddin, Chief People and Governance Officer**

Rob Priddin joined Hearing Australia in October 2018 from the Department of Human Services with the objective of helping progress our work on the Hearing Australia risk management and compliance programs. She has a Graduate Certificate in Public Sector Management and is a member of the Australian Institute of Company Directors. She also holds qualifications in program and project management and has an extensive background in the Australian Public Service.

**Leigh Shaw, Chief Customer Officer**

Leigh Shaw joined the Hearing Australia executive team in January 2020 as the Chief Customer Officer. She has worked in Marketing, Insights and CX Design for the last 20 years, and has passionately championed the voice of the customer through fast moving consumer goods (FMCG), retail, telecommunications and the building industry. She has served on the Australian and New Zealand leadership teams of Procter & Gamble, James Hardie and Nielsen.

### **David Cuda, Chief Financial Officer (from April 2021)**

David Cuda joined the Hearing Australia Executive Team in April 2021 as the Chief Financial Officer. He has over 30 years' experience having worked across the FMCG, Telco and Media industries in a variety of roles spanning Finance, Strategy, Sales and Customer Marketing.

David brings technical expertise, entrepreneurial drive and a deep understanding of customer drivers to champion strategies and solutions focussing on the customer loyalty needed to remain relevant in fast changing markets. He has a strong passion for people and creating high-performance teams that add value to the divisions they support. David has a Bachelor of Economics and a MBA, is a Fellow of CPA Australia and is a Graduate Member of the Australian Institute of Company Directors.

### **Corporate Planning Corporate Plan**

Hearing Australia's Board and Executives undertake annual strategic planning sessions and present a Corporate Plan to the Minister for Government Services and the Minister for Finance. This Corporate Plan must meet the requirements of the AHS Act and the PGPA Act.

In accordance with the AHS Act, the Board must review and revise the Corporate Plan as soon as practicable before the beginning of each financial year and provide the Corporate Plan to the Minister for Government Services and the Minister for Finance at least 60 days before the start of the first reporting period to which the plan relates.

### **Reporting and Analysis**

In addition to reporting to our Board of Directors, we provide regular reporting against our Corporate Plan to the Minister for Government Services. The reports contain information on key performance and financial indicators, as well as performance against strategic objectives.

# Annual Performance Statement

## Chair's Statement

I, Peta Seaton, as the Chair of the accountable authority, which is the Board of Hearing Australia, present the 2020-21 Annual Performance Statement of Hearing Australia, as required under paragraph 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). It is the opinion of the Board that this annual performance statement is based on properly maintained records and accurately reflects the performance of the entity during the period and complies with subsection 39(2) of the PGPA Act.

## Purpose

Hearing Australia's purpose is outlined by the Parliament in our enabling legislation, *Australian Hearing Services Act 1991* (AHS Act), with specific Powers and Functions outlined in Part 2, Sections 8 and 9 of the Act.

Our mission is to provide world leading research and hearing services for the wellbeing of all Australians.

## Performance Analysis

The following table outlines the results achieved by Hearing Australia against the specific activities and targets outlined in our 2020-21 Corporate Plan (noting that 'substantially met' means that at least 90 per cent of target was achieved and 'partially met' means at least 75 per cent of target was achieved).

## Performance Activities

Activity	Performance Measurements	Target 2020-21	Results Achieved 2020-21
Client Satisfaction	NPS Score for in centre appointments (with new client satisfaction measure to be developed)	76	87 <sup>1</sup> (Exceeded)
Services provided to voucher-holders	Scheduled services for all voucher clients	296,000	349,106 (Exceeded)
Reduce the current rate of hearing loss in Aboriginal and Torres Strait Islander children by at least half by 2029 <sup>2</sup>	As determined by ABS data	Achieved	Progressing
Implement agreed hearing loss prevention initiatives	HAP communities target achieved	170	244 (Exceeded)
	RFDS program established and managed	Achieved	Progressing
	Hearing Australia projects successfully managed and delivered	Achieved	On track
	National Hearing Loss Prevention Strategy developed and implemented	Achieved	Progressing
Prevent hearing loss in Aboriginal and Torres Strait Islander children aged 0-6 years	HAP program children target achieved	10,000	10,518 (Exceeded)
Help Aboriginal and Torres Strait Islander children with hearing loss	Reduce the peak age of first fitting to under 5 years by 2023	4 years	Achieved (Met)
Services provided to all Community Service Obligations (CSO) clients	Total number of CSO Services YTD	118,000	172,363 (Exceeded)
Services provided to children and young Australians	Increase proportion of 0-25yo WHL YOY	Achieve	Stable (Partially met)
Services provided to Aboriginal and Torres Strait Islander peoples	Increase proportion of aided Aboriginal and Torres Strait Islander clients seen YOY	Achieve	Increase (Met)
Services provided to adults with complex hearing needs	85%+ complex adult aided annual review	85%	88.4% (Exceeded)
Provision of high quality advice and support to Government and partners to improve national hearing health outcomes	Quality of advice and support	Achieved	Achieved (Met)
Staff turnover	Retention Voluntary Turnover	<12%	9.7% (Exceeded)
Acceptable Total Injury Frequency Rate (TIFR)	Total Injury Frequency Rate (TIFR)	<9.5	7.3 (Exceeded)
Staff engagement and satisfaction	Overall Teamgagage Score	Average score of 70+	74 (Exceeded)

1. In previous years Client Satisfaction was measured using a NPS Score. This measure now uses the new C-Sat Score, as noted in the 'Performance Measurement' column.
2. In 2016 the ABS reported that 8.4 per cent of Indigenous children aged 0-14 reported hearing loss, compared with 2.9 per cent for non-Indigenous children

The source of these activities is the 2020-21 to 2023-24 Corporate Plan

# Financial Statements

**Australian Hearing Services**  
**ABN 80 308 797 003**

Trading as Hearing Australia (hereinafter referred to as Hearing Australia)  
Financial Statements – 30 June 2021

## **Contents**

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### INDEPENDENT AUDITOR'S REPORT

To the Minister for the National Disability Insurance Scheme  
To the Minister for Government Services

#### Opinion

In my opinion, the financial statements of Australia Hearing Services, trading as Hearing Australia (the Entity) for the year ended 30 June 2021:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2021 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following as at 30 June 2021 and for the year then ended:

- Statement by the Accountable Authority, Managing Director and Chief Financial Officer;
- Statement of Profit or Loss and Other Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Statement of Cash Flows; and
- Notes to the financial statements, comprising a summary of significant accounting policies and other explanatory information.

#### Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Entity, the Directors are responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under the Act. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the ability of the Entity to continue as a going concern, taking into account whether the Entity's operations will cease as a result of an administrative restructure or for any other reason. The Directors are also responsible for disclosing, as



applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

#### **Auditor's responsibilities for the audit of the financial statements**

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

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office



Rebecca Reilly  
Executive Director

Delegate of the Auditor-General

Canberra  
17 August 2021

## Statement by the Accountable Authority, Managing Director and Chief Financial Officer

### Hearing Australia

#### Statement by the Accountable Authority, Managing Director and Chief Financial Officer

For the year ended 30 June 2021

In our opinion:

- the attached financial statements for the year ended 30 June 2021 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* ('PGPA Act'), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act;
- at the date of this statement, there are reasonable grounds to believe that Hearing Australia will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the directors.



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Dr Peta Seaton  
Chair



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Kim Terrell  
Managing Director



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David Cuda  
Chief Financial Officer

Date: 17 August, 2021

## Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Revenue from contracts with customers	4	259,025	243,963
Grant income	5	14,829	10,700
Other income	6	664	2,020
<b>Total revenue and other income</b>		<b>274,518</b>	<b>256,683</b>
Employee benefits	7	(132,820)	(125,873)
Goods and services received	8	(103,881)	(91,523)
Depreciation and amortisation	18,19,20	(22,456)	(22,281)
Lease rental	19	(1,658)	(1,421)
Workers' compensation premiums		(504)	(458)
Finance costs	9	(1,182)	(1,329)
<b>Total expenses</b>		<b>(262,501)</b>	<b>(242,885)</b>
<b>Surplus before income tax equivalent expense</b>		<b>12,017</b>	<b>13,798</b>
Income tax equivalent expense	10	(3,173)	(4,341)
<b>Surplus after income tax equivalent expense for the year</b>		<b>8,844</b>	<b>9,457</b>
<b>Total comprehensive income</b>		<b>8,844</b>	<b>9,457</b>

The above should be read in conjunction with the notes to the financial statements.

## Statement of Financial Position

As at 30 June 2021

	Note	2021 \$'000	2020 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		8,159	8,307
Trade and other receivables	12	3,962	2,599
Inventories	13	5,364	4,482
Prepayments		4,848	3,180
Contract assets	14	3,163	2,262
Investments under s.59 of the PGPA Act	16	125,700	107,522
Other current assets	15	210	94
<b>Total current assets</b>		<b>151,406</b>	<b>128,446</b>
<b>Non-current assets</b>			
Property, plant and equipment	18	23,099	24,283
Right-of-use assets	19	45,512	44,779
Intangible assets	20	2,342	4,326
Deferred tax assets	17	19,599	15,361
<b>Total non-current assets</b>		<b>90,552</b>	<b>88,749</b>
<b>Total assets</b>		<b>241,958</b>	<b>217,195</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	21	21,005	12,887
Lease liabilities	19	11,143	10,867
Provisions	22	12,610	11,949
Contract liabilities	23	15,657	18,414
Tax liabilities		4,725	3,000
Dividend payable	26	761	1,009
Grant liabilities	5	21,225	11,926
Refund liabilities	24	339	199
<b>Total current liabilities</b>		<b>87,465</b>	<b>70,251</b>
<b>Non-current liabilities</b>			
Lease liabilities	19	41,759	40,978
Provisions	25	22,482	22,304
<b>Total non-current liabilities</b>		<b>64,241</b>	<b>63,282</b>
<b>Total liabilities</b>		<b>151,706</b>	<b>133,533</b>
<b>Net assets</b>		<b>90,252</b>	<b>83,662</b>
<b>EQUITY</b>			
Retained surplus		90,252	83,662
<b>Total equity</b>		<b>90,252</b>	<b>83,662</b>

The above should be read in conjunction with the notes to the financial statements.

## Statement of Changes in Equity

For the Year Ended 30 June 2021

	Note	Retained Surplus \$'000	Total Equity \$'000
Balance at 1 July 2019		78,989	78,989
Retained surplus after income tax equivalent expense for the year		9,457	9,457
<b>Total comprehensive income for the year</b>		<b>9,457</b>	<b>9,457</b>
<b>Transactions with owners</b>			
Dividends paid or payable	26	(4,784)	(4,784)
Balance at 30 June 2020		83,662	83,662
		-	
Balance at 1 July 2020		83,662	83,662
Retained surplus after income tax equivalent expense for the year		8,844	8,844
<b>Total comprehensive income for the year</b>		<b>8,844</b>	<b>8,844</b>
<b>Transactions with owners</b>			
Dividends paid or payable	26	(2,254)	(2,254)
<b>Balance at 30 June 2021</b>		<b>90,252</b>	<b>90,252</b>

The above should be read in conjunction with the notes to the financial statements.

Retained surplus of \$1,690,525 (2020: \$841,000) is apportioned to National Acoustic Laboratories with the balance to Hearing Australia.

## Statement of Cash Flows

For the Year Ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
<b>Cash flows from operating activities</b>			
Receipts from goods and services		281,464	244,397
Interest received		883	2,137
Royalty received		11	89
Net GST received		3,825	3,546
Payments to employees		(128,811)	(122,774)
Payments to suppliers		(110,328)	(103,934)
Income tax equivalent		(5,686)	(5,632)
Interest paid on lease liabilities		(1,086)	(1,251)
<b>Net cash inflow (outflow) from operating activities</b>		<b>40,272</b>	<b>16,578</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(8,112)	(7,241)
Payments for intangibles	20	(177)	(430)
Net payments for investments under s.59 of the PGPA Act		(18,178)	9,834
<b>Net cash inflow (outflow) from investing activities</b>		<b>(26,467)</b>	<b>2,163</b>
<b>Cash flows from financing activities</b>			
Dividends paid		(2,502)	(7,734)
Principal paid on lease liabilities		(11,451)	(11,095)
<b>Net cash inflow (outflow) from financing activities</b>		<b>(13,953)</b>	<b>(18,829)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(148)</b>	<b>(88)</b>
Cash and cash equivalents at the beginning of the financial year		8,307	8,395
Cash and cash equivalents at end of year		8,159	8,307

The above should be read in conjunction with the notes to the financial statements.

## Notes to the Financial Statements

For the year ended 30 June 2021

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## Note 1. General Information

Australian Hearing Services ('AHS'), trading as Hearing Australia (hereinafter referred to as Hearing Australia), is a corporate Commonwealth entity created under the provisions of the Australian Hearing Services Act 1991 and operates on a for-profit basis.

The financial statements cover Hearing Australia as an individual entity. The financial statements are presented in Australian dollars, which is Hearing Australia's functional and presentation currency.

The objectives of Hearing Australia are to provide hearing services and to carry out research and development in hearing related matters.

The continued existence of Hearing Australia in its present form and with its present programmes is dependent on Government policy in relation to the provision of hearing services.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 17 August 2021.

## Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### **Basis of Preparation**

These general purpose financial statements are required by section 42 of the *Public Governance, Performance and Accountability Act 2013* ('PGPA Act').

The financial statements have been prepared in accordance with *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* ('FRR'), and with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB'), as appropriate for for-profit oriented entities.

### **Historical cost convention**

The financial statements have been prepared under the historical cost convention, except for, where applicable, certain assets and liabilities at fair value.



Amounts in the financial statements have been rounded off to be the nearest thousand dollars, unless otherwise specified.

#### ***Critical accounting estimates***

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying Hearing Australia's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

#### ***Interest on deposits calculated using the effective interest method***

Interest is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

#### ***Current and non-current classification***

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in Hearing Australia's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in Hearing Australia's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

#### ***Cash and cash equivalents***

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash is recognised at its nominal amount.

In accordance with the financial targets and performance considerations contained in the Australian Hearing Services Act 1991, the level of cash resources held by Hearing Australia is, in the opinion of the board of directors, sufficient to maintain:

- a reasonable level of reserves, having regard to estimated future infrastructure requirements;
- the extent of the Commonwealth equity in the entity; and
- Hearing Australia's commercial operational requirements.

#### ***Impairment of non-financial assets***

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

#### ***Comparatives***

Comparatives have been realigned, where necessary, to be consistent with current year presentation. There is no effect on the surplus or net assets of Hearing Australia.

#### ***New or amended Accounting Standards and Interpretations adopted***

Hearing Australia has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting year.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

## Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

### ***Provision for impairment of inventories***

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account recent sales experience, the ageing of inventories, damaged, obsolete, slow moving inventories and other factors that affect inventory obsolescence.

### ***Estimation of useful lives of assets***

Hearing Australia determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets.

The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

### ***Employee benefits provision***

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account, based on actuarial assessments. The last actuarial assessment was in May 2021.

### ***Restoration obligations***

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with vacating of premises. The calculation of this provision requires assumptions such as the exit date and cost estimates. The provision recognised is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset are recognised in profit or loss.

**Lease term**

The determination of the lease term requires management judgement regarding whether extension options are reasonably certain to be exercised. Whilst each lease is assessed individually, in general, for property leases the next option is considered reasonably certain, however subsequent options are not reasonably certain as management believe these are too far into the future to be reasonably certain.

**Incremental borrowing rate**

Hearing Australia are not able to determine the interest rate implicit in the lease for a large number of leases. Therefore, management have determined the incremental borrowing rate taking into consideration entity and asset specific factors relevant to each lease.

**Coronavirus (COVID-19) pandemic**

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the entity operates. There does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

**Recovery of deferred tax assets**

Deferred tax assets are recognised for deductible temporary differences only if the entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

**Impairment of non-financial assets and other indefinite life intangible assets**

The entity assesses impairment of non-financial assets other than indefinite life intangible assets at each reporting date by evaluating conditions specific to the entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

**Configuration and customisation costs for cloud-based software - Software-as-a-Service (SaaS).**

Configuration and customisation costs incurred will be expensed if the principles of intangible assets under the characteristics of identifiability, control of asset and future economic benefits are not met. Costs will be expensed when services are performed by third parties. This approach is consistent with the decision taken by the IFRS Interpretations Committee in March 2021.

## Note 4. Revenue from contracts with customers

	2021 \$'000	2020 \$'000
Sale of goods	138,327	129,747
Rendering of services	120,698	114,216
	<b>259,025</b>	<b>243,963</b>

### **Disaggregation of revenue**

The disaggregation of revenue from contracts with customers is as follows:

	2021 \$'000	2020 \$'000
<b>Major product &amp; service lines</b>		
Fittings and sales of devices	192,964	178,734
Hearing assessments and maintenance	66,081	65,229
	<b>259,025</b>	<b>243,963</b>
<b>Geographical regions</b>		
Australia	259,025	243,963
<b>Timing of revenue recognition</b>		
Goods and services transferred at a point in time	219,753	213,528
Goods and services transferred over time	39,272	30,435
	<b>259,025</b>	<b>243,963</b>

### **Accounting policy for revenue from contracts with customers**

Revenue is recognised at an amount that reflects the consideration to which Hearing Australia is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, Hearing Australia: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance

obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either

the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as contract liabilities in the form of a separate refund liability.

#### ***Sale of goods***

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

#### ***Rendering of services***

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

#### ***Revenues from Government***

Hearing Australia receives a significant amount of its sales revenue (as disclosed above) from the Federal Government. This consists of an allocation of Federal budget funding which is received in the form of sales consideration, received from the Department of Health (DOH) for (i) revenue received through a competitive voucher scheme administered by the DOH; and (ii) the provision of goods and services to the community.

Funding from the DOH is recognised when the service or goods have been provided, in accordance with the accounting policy above. Funding that is carried forward to be recognised as revenue in future years is specifically authorised by the DOH.

Revenue for services provided under the competitive voucher scheme is recognised when the services are provided, in accordance with the accounting policy above. Where fees for support services are received in advance, the amount is initially recognised as a contract liability and revenue is recognised over the service period.

## Note 5. Grant Income

	2021 \$'000	2020 \$'000
Grant Income	14,829	10,700
	<b>14,829</b>	<b>10,700</b>

The Australian Government provides additional grants to Hearing Australia for the funding of various activities including:

- (i) Ongoing research and development into hearing health, rehabilitation and prevention program,
- (ii) Activities related to online hearing tests under the hearing services development program, and
- (iii) Hearing assessment activities under the Indigenous Australians Health Program.

Hearing Australia, through its research division NAL, also receives grants from a variety of external organisations to conduct research into hearing loss, diagnostics, outcomes, behaviours, technologies and preservation.

Grant income is recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Where grant monies are received in advance, a liability is initially recognised and subsequently recognised as income when the services have been performed.

## Note 6. Other Income

	2021 \$'000	2020 \$'000
Royalties	11	89
Rental income	42	49
Interest on deposits	611	1,882
	<b>664</b>	<b>2,020</b>

### ***Accounting policy for royalties***

Royalty income is recognised by Hearing Australia when the funds are received.

## Note 7. Employee benefits

	2021 \$'000	2020 \$'000
Wages and salaries	95,842	90,286
Superannuation - Defined contribution plans	16,683	15,816
Leave and other entitlements	12,845	13,336
Taxes, separation and redundancies	7,450	6,435
	<b>132,820</b>	<b>125,873</b>

## Note 8. Goods and services received

	2021 \$'000	2020 \$'000
Aids and appliances	60,589	59,086
Consultants	10,653	2,515
Contractors	1,169	851
Information and communication technology	9,511	7,271
Marketing	5,836	5,115
Property	4,886	5,229
Travel	4,077	4,251
Other	7,160	7,205
<b>Goods and services received</b>	<b>103,881</b>	<b>91,523</b>

## Note 9. Finance costs

	2021 \$'000	2020 \$'000
Interest expense - Leases	1,085	1,251
Unwinding of discount on restoration provision liability	97	78
	<b>1,182</b>	<b>1,329</b>

### **Accounting policy for finance costs**

Finance costs attributable to qualifying assets are capitalised as part of the asset.

All other finance costs are expensed in the period in which they are incurred.



## Note 10. Income tax equivalent expense

	2021 \$'000	2020 \$'000
<b>Income tax equivalent expense</b>		
Current tax	7,411	5,696
<b>Total current tax expense</b>	<b>7,411</b>	<b>5,696</b>
<i>Deferred tax</i>		
Decrease (increase) in deferred tax assets (Note 17)	(4,238)	(1,355)
<b>Total deferred tax expense</b>	<b>(4,238)</b>	<b>(1,355)</b>
<b>Aggregate income tax equivalent expense</b>	<b>3,173</b>	<b>4,341</b>
<i>Numerical reconciliation of income tax equivalent expense and tax at the statutory rate</i>		
Surplus before income tax equivalent expense	12,017	13,798
Tax at the statutory tax rate of 30% (2020: 30%)	3,605	4,139
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible expense/(Non-taxable income)	(177)	241
National Acoustic Laboratories exempt from income tax equivalent	(255)	(39)
<b>Subtotal</b>	<b>(432)</b>	<b>202</b>
<b>Income tax equivalent expense</b>	<b>3,173</b>	<b>4,341</b>

The above amounts have been calculated as being payable to the Australian Government in the form of company income tax under the Income Tax Assessment Acts had they applied, in accordance with the accounting policy for competitive neutrality (Note 11).

### **Accounting policy for taxation**

Hearing Australia is exempt from all forms of taxation except fringe benefits tax ('FBT') and goods and services tax ('GST').

Revenues, expenses and assets are recognised net of GST except for: (i) where the amount of GST incurred is not recoverable from the Australian Taxation Office ('ATO'); and (ii) receivables and payables.

## Note 11. Competitive neutrality

	2021 \$'000	2020 \$'000
State tax equivalent expense	5,896	5,759
Commonwealth tax equivalent expense	7,411	5,696
Annual neutrality offset payment to the national workers compensation regulatory scheme	120	100
<b>Total</b>	<b>13,427</b>	<b>11,555</b>

### **Accounting policy for competitive neutrality**

Hearing Australia provides services on a for-profit basis. Under competitive neutrality arrangements Hearing Australia is required to make payroll tax and income tax equivalent payments to the Commonwealth Government in addition to statutory payments for FBT and GST.

Hearing Australia pays an annual regulatory neutrality payment to the Official Public Account to offset the cost advantages relative to its competitors as a result of operating under one national workers compensation regulatory scheme.

## Note 12. Trade and other receivables

	2021 \$'000	2020 \$'000
<b>Current</b>		
Trade receivables	3,412	2,054
Less: Allowance for expected credit losses	(337)	(16)
	<b>3,075</b>	<b>2,038</b>
Interest receivable	50	322
GST receivable	837	239
	<b>3,962</b>	<b>2,599</b>

### **Allowance for expected credit losses**

Hearing Australia has recognised an increase in allowance for expected credit losses of \$321,000 (2020: an increase in allowance for expected credit losses of \$7,000) in profit or loss for the year ended 30 June 2021.

### **Accounting policy for trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables for goods and services are generally due for settlement within 30 days from date of invoice and 3 days for DOH claims for payment.

Hearing Australia has applied the simplified approach to measuring the allowance for expected credit losses, which uses a lifetime expected loss allowance. To measure the allowance for expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less allowance for expected credit losses.

## **Note 13. Inventories**

	2021 \$'000	2020 \$'000
Inventories held for sale – at cost	3,589	3,138
Inventories held for distribution – at cost	2,510	1,983
Less: Provision for impairment	(735)	(639)
	<b>5,364</b>	<b>4,482</b>

Inventory held for sale and distribution that was recognised as an expense in profit or loss amounted to \$60,589,000 (2020: \$59,086,000) for the year ended 30 June 2021.

### **Accounting policy for inventories**

Inventories held for sale are stated at the lower of cost and net realisable value on an 'average cost' basis. Cost comprises of purchase and delivery costs, where applicable, net of rebates and discounts received or receivable.

Inventories held for distribution are stated at cost and are adjusted for any loss in service potential.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

## Note 14. Contract assets

	2021 \$'000	2020 \$'000
Services and sale of goods	3,285	2,391
Less: Allowance for expected credit losses	(122)	(129)
	<b>3,163</b>	<b>2,262</b>

Hearing Australia has recognised a reversal of impairment of expected credit losses of \$7,000 (2020: a reversal of impairment of \$69,000) in profit or loss for the year ended 30 June 2021.

### **Accounting policy for contract assets**

Contract assets are recognised when Hearing Australia has transferred goods or services to the customer but where Hearing Australia is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Under the current claims process with the DOH, Hearing Australia is

remunerated on completion of a fitting which occurs when a customer returns for their follow up appointment. Services and sale of goods classified as contract assets represents revenue activities that are partially completed, usually when a customer has been fitted with a hearing device and has yet to return for the follow up appointment.

## Note 15. Other current assets

	2021 \$'000	2020 \$'000
Grants receivables	206	94
Security deposits	4	-
	<b>210</b>	<b>94</b>

## Note 16. Investments under s.59 of the PGPA Act

	2021 \$'000	2020 \$'000
Fixed term cash deposits	125,700	107,522
	<b>125,700</b>	<b>107,522</b>

### **Accounting policy for investments and other financial assets**

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Hearing Australia has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

#### **Financial assets at amortised cost**

A financial asset is measured at amortised cost only if both of the following conditions are met:

- (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

In accordance with section 59 of the PGPA Act, the funds are invested on deposit with a bank, including a deposit evidenced by a certificate of deposit, all maturing within 12 months.

### **Impairment of financial assets**

Hearing Australia recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon Hearing Australia's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

## Note 17. Deferred tax

	2021 \$'000	2020 \$'000
<b>Deferred tax assets comprises temporary differences attributable to:</b>		
Property, plant and equipment	(803)	(1,668)
Contract assets	(985)	(717)
Right of use assets	(13,654)	(13,434)
Accrued expenses	2,005	1,041
Contract liabilities	3,858	3,910
Provisions	10,528	10,275
Inventories	220	192
Software	2,445	179
Lease liabilities	15,871	15,553
Other	114	30
<b>Deferred tax asset</b>	<b>19,599</b>	<b>15,361</b>
<b>Movements</b>		
Opening Balance	15,361	14,006
Credited (charged) to profit or loss (Note 10)	4,238	1,355
<b>Closing balance</b>	<b>19,599</b>	<b>15,361</b>

## Note 18. Property, plant and equipment

	2021 \$'000	2020 \$'000
<b>Leasehold improvements</b>		
Leasehold improvements - at cost	51,245	49,131
Leasehold improvements - accumulated depreciation	(36,830)	(34,256)
	<b>14,415</b>	<b>14,875</b>
<b>Plant and equipment</b>		
Plant and equipment - at cost	34,599	32,156
Plant and equipment - accumulated depreciation	(25,915)	(22,748)
	<b>8,684</b>	<b>9,408</b>
	<b>23,099</b>	<b>24,283</b>

## Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Plant and equipment \$'000	Leasehold improvements \$'000	Total \$'000
Carrying amount as at 1 July 2020	9,408	14,875	24,283
Additions	3,652	4,308	7,960
Disposals – written-down value	(75)	(149)	(224)
Depreciation expense	(4,301)	(4,619)	(8,920)
<b>Carrying amount as at 30 June 2021</b>	<b>8,684</b>	<b>14,415</b>	<b>23,099</b>

### Accounting policy for property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment, except for items costing less than \$1,000, which are expensed as incurred. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to restoration obligations in property leases taken up by Hearing Australia where an obligation to restore the property to its original condition exists. Plant and equipment acquired at no cost, or for nominal consideration are initially recognised as assets and income at their fair value at the date of acquisition.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Leasehold improvements	over the expected lease term
Plant and equipment	3 - 7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the expected lease term or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to Hearing Australia. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

## Note 19. Leases

### (i) Amount recognised in the statement of financial position

The balance sheet shows the following amounts relating to leases:

	2021 \$'000	2020 \$'000
<b>Right-of-use assets</b>		
Property	43,763	42,652
Vehicles	713	748
Plant and equipment	1,036	1,379
	<b>45,512</b>	<b>44,779</b>
<b>Lease liabilities</b>		
Current	11,143	10,867
Non-current	41,759	40,978
	<b>52,902</b>	<b>51,845</b>

Additions to the right-of-use assets during the year ended 30 June 2021 were \$8,336,106.

### (ii) Amount recognised in profit or loss

The following amounts relating to leases are recognised in profit or loss:

	2021 \$'000	2020 \$'000
<b>Depreciation charge of right-of-use assets</b>		
Property	10,379	10,451
Vehicles	526	407
Plant and equipment	470	437
	<b>11,375</b>	<b>11,295</b>
Interest expense (included in finance cost)	1,085	1,251
Expense relating to low-value leases (included in lease rental expense)	207	207
Expense relating to short-term leases (included in lease rental expense)	1,451	1,214

The total cash outflow for leases for the year ended 30 June 2021 was \$12,536,405.

	2021 \$'000	2020 \$'000
<b>Maturity analysis - contractual undiscounted cash flows</b>		
Within one year	10,943	11,745
One to five years	21,345	30,296
More than five years	1,084	3,077
	<b>33,372</b>	<b>45,118</b>



*(iii) Hearing Australia's leasing activities and how these are accounted for*

Hearing Australia leases properties, vehicles and plant and equipment. Rental contracts are typically made for fixed periods of 3 months to 6 years but may have extension options as described in (iv) below.

Contracts may contain lease components. Hearing Australia allocates the consideration in the contract to the lease components based on their relative stand-alone prices.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by Hearing Australia under residual value guarantees
- the exercise price of a purchase option if Hearing Australia is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects Hearing Australia exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which apart from motor vehicles is generally the case for leases in Hearing Australia, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Hearing Australia is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If Hearing Australia is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items of office equipment.

**(iv) Extension and termination options**

Extension and termination options are included in a number of property and equipment leases across Hearing Australia. The majority of extension and termination options held are exercisable only by Hearing Australia and not by the respective lessor.

The lease term is reassessed if an option is actually exercised (or not exercised) or Hearing Australia becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

**(v) Residual value guarantees**

Hearing Australia has residual value guarantees on some motor vehicle leases. On the anniversary of these leases the residual value is re-assessed and where required the monthly lease payments and corresponding lease liability balances are adjusted accordingly.

## Note 20. Intangible assets

Intangible assets	2021 \$'000	2020 \$'000
Computer software internally developed - at cost	8,754	8,603
Computer software internally developed - less: accumulated amortisation	(6,744)	(5,139)
	<b>2,010</b>	<b>3,464</b>
Computer software purchased - at cost	4,024	3,997
Computer software purchased - less: accumulated amortisation	(3,692)	(3,135)
	<b>332</b>	<b>862</b>
	<b>2,342</b>	<b>4,326</b>

**Reconciliations**

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
Carrying amount as at 1 July 2020	3,464	862	4,326
Additions	150	27	177
Amortisation expense	(1,604)	(557)	(2,161)
<b>Carrying amount as at 30 June 2021</b>	<b>2,010</b>	<b>332</b>	<b>2,342</b>

The impending implementation of new software systems has resulted in the reduction of the useful life of certain software. The amortisation expense includes an additional amount of \$594,000 as a result of the review of the useful life.

**Accounting policy for intangible assets**

Intangible assets acquired are initially recognised at cost. Intangible assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition. The gains or losses recognised in profit or loss arising from the de-recognition of an intangible asset is measured as the difference between net disposal proceeds, if any, and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

**Computer software internally developed and purchased**

Costs relating to computer software internally developed are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; Hearing Australia is able to use or sell the asset; Hearing Australia has sufficient resources; and intent to complete the development and its costs can be measured reliably. Following the initial capitalisation of software internally developed or purchased software, the cost model is applied requiring the assets to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation is on a straight-line basis over the period of their expected benefit, being their finite useful lives between three and seven years.

## Note 21. Trade and other payables

Trade and other payables	2021 \$'000	2020 \$'000
<b>Current</b>		
Trade creditors	4,475	3,512
Accrued expenses	9,953	5,433
Salaries and wages	6,577	3,942
	<b>21,005</b>	<b>12,887</b>

**Accounting policy for trade and other payables**

These amounts represent liabilities for goods and services provided to Hearing Australia prior to the end of the financial year and which are unpaid.

Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

## Note 22. Provisions

Provisions	2021 \$'000	2020 \$'000
<b>Current</b>		
Employee benefits	11,456	10,784
Restoration obligations	1,154	1,165
	<b>12,610</b>	<b>11,949</b>

### **Restoration obligations**

Refer to Note 25 for more information on the restoration obligations.

### **Accounting policy for provisions**

Provisions are recognised when Hearing Australia has a present (legal or constructive) obligation as a result of a past event, it is probable Hearing Australia will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

### **Accounting policy for employee benefits**

#### **Short-term employee benefits**

Liabilities for wages and salaries, including non-monetary benefits, termination benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

No provision is made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of Hearing Australia is estimated to be less than the annual entitlement for sick leave.

### **Superannuation benefits**

Employees of Hearing Australia are members of the Commonwealth Superannuation Scheme ('CSS'), the Public Sector Superannuation Scheme ('PSSdb'), the PSS Accumulation Plan ('PSSap') or other superannuation funds held outside the Commonwealth. Directors of Hearing Australia are members of the CSS, PSSdb or other superannuation funds held outside the Commonwealth, but not the PSSap.

The CSS and PSSdb are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme. The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedule and notes.

Hearing Australia makes employer contributions to the Commonwealth employee superannuation schemes at rates determined by an actuary to be sufficient to meet the current cost to the Government, and accounts for the contributions as if they were contributions to defined contribution plans.

## Note 23. Contract liabilities

	2021 \$'000	2020 \$'000
<b>Current</b>		
Maintenance and Hearing Services Card	15,657	15,890
Government funding for goods and services	-	2,524
	<b>15,657</b>	<b>18,414</b>

### **Accounting policy for contract liabilities**

Contract liabilities represent Hearing Australia's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when Hearing Australia

recognises a receivable to reflect its unconditional right to consideration, whichever is earlier, before Hearing Australia has transferred the goods or services to the customer.

## Note 24. Refund liabilities

	2021 \$'000	2020 \$'000
<b>Current</b>		
Refund liabilities	339	199
	<b>339</b>	<b>199</b>

### **Accounting policy for refund liabilities**

Refund liabilities are recognised where Hearing Australia receives consideration from a customer and expects to refund some, or all, of that consideration to the customer. A refund liability is measured at the amount of consideration received or receivable for which Hearing Australia

does not expect to be entitled and is updated at the end of each reporting period for changes in circumstances.

Historical data is used across product lines to estimate such returns at the time of sale based on an expected value methodology.

## Note 25. Provisions

	2021 \$'000	2020 \$'000
<b>Non-current</b>		
Employee benefits	16,606	15,906
Restoration obligations	5,876	6,398
	<b>22,482</b>	<b>22,304</b>

### Restoration obligations

The provision represents the present value of the estimated costs to make good the premises leased by Hearing Australia at the end of the respective lease terms. Hearing Australia currently

has 180 (2020: 178) agreements for the leasing of premises which have provisions requiring Hearing Australia to fully or partly restore the premises to their original condition at the conclusion of the lease.

### Movement in provisions

Movements in each class of provision (current and non-current) during the current financial year, other than employee benefits, are set out below:

	Restoration obligations 2021 \$'000
Carrying amount as at 1 July 2020	7,563
Additional provisions recognised	271
Utilisation and write backs	(901)
Unwinding of discount	97
<b>Carrying amount as at 30 June 2021</b>	<b>7,030</b>

### Accounting policy for other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to

expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

## Note 26. Dividends paid and payable

	2021 \$'000	2020 \$'000
Interim dividend declared and paid to the Australian Government	1,493	3,775
Final dividend to the Australian Government payable at the reporting date	761	1,009
	<b>2,254</b>	<b>4,784</b>

### Accounting policy for dividends

Hearing Australia's dividend payment is paid according to a directive from the Portfolio Minister under Section 63A of the *Australia Hearing Services Act 1991*. Dividend payments are typically made to the Official Public Account via the

Department of Social Services in two instalments; an interim dividend paid by 30 April and a final dividend paid by 31 October each year. From time to time there may be a requirement to pay an additional dividend.

## Note 27. Fair value

### Accounting policy for fair value measurement

Hearing Australia operates on a for-profit basis. As per approved exemption 17.7 under the FRR, Hearing Australia is

exempted from the requirement of fair value measurement for valuation of non-financial assets.

## Note 28. Key management personnel disclosures

### Key management personnel

Hearing Australia has determined that Key Management Personnel ('KMP') is comprised of all members of the Board and all members of the Senior Executive

Team as they have the responsibility for planning, directing and controlling the activities of Hearing Australia.

### Compensation

The aggregate remuneration made to directors and other members of KMP is set out below:

	2021 \$	2020 \$
Short-term employee benefits	2,798,617	2,700,659
Post-employment benefits	327,760	310,015
Other long-term benefits	119,417	89,797
<b>Total aggregate compensation of KMP</b>	<b>3,245,794</b>	<b>3,100,471</b>

Short term employee benefits include estimated performance payments of \$283,351 that are not yet finalised at the time of preparing this report (2020: \$169,277).

There were no material related party transactions with KMP.

The total number of KMP included in the above table is 16 (2020: 13). The +3 variance to last year is a result of the outgoing and incoming of two directors and one senior executive as shown in the table below:

	Directors	Senior Executives
KMP as at 30 June 2020	7	6
<i>Incoming during the year</i>	2	1
Total KMP included in this year's aggregate compensation	9	7
<i>Outgoing during the year</i>	-2	-1
<b>KMP as at 30 June 2021</b>	<b>7</b>	<b>6</b>

The KMP as at 30 June 2021 of 13 is consistent with the prior year.

The above KMP remuneration excludes the remuneration and other benefits of the Portfolio Minister. The

Portfolio Minister's remuneration and other benefits are set out by the Remuneration Tribunal and are not paid by Hearing Australia.

## Note 29. Remuneration of Auditors

During the financial year the following fees were paid or payable for services provided by Australian National Audit Office, the auditor of Hearing Australia:

	2021 \$	2020 \$
Audit services:		
Audit of financial statements	132,000	132,000

## Note 30. Contingent liabilities

Hearing Australia had no contingent liabilities or assets as at 30 June 2021 and 30 June 2020.

### **Accounting policy for contingent liabilities and contingent assets**

Contingent liabilities and assets are not recognised in the statement of financial position but disclosed in these financial statements. They may arise

from uncertainty as to the existence of a liability or asset or represent a liability or asset in respect of which the amount cannot be reliably measured.

Contingent assets are disclosed when settlement is probable but not virtually certain, and contingent liabilities are recognised when settlement is greater than remote.

## Note 31. Commitments

Commitments	2021 \$'000	2020 \$'000
<b>Lease commitments - Operating</b>		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	227	231
One to five years	126	302
	<b>353</b>	<b>533</b>
<b>Capital commitments</b>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	2,884	6,131
One to five years	-	-
More than five years	-	-
	<b>2,884</b>	<b>6,131</b>

Commitments are GST exclusive.



## Note 32. Related party transactions

### **Related party relationships**

Hearing Australia is an Australian Government controlled entity. Related parties to this entity are KMP

as detailed in Note 28 and other Australian Government entities. This note provides additional related party disclosures where such disclosures are not made in other notes in this report.

### **Transactions with related parties**

The following transactions occurred with related parties:

	2021 \$	2020 \$
<b>Sale of goods and services:</b>		
Sale of goods to related parties	85,887,713	88,452,193
Rendering of services to related parties	109,438,930	103,681,061
<b>Other income:</b>		
Grant income from related parties	14,351,558	10,049,432
<b>Payment for other expenses:</b>		
<b>Other expenses paid to related parties</b>	<b>634,025</b>	<b>666,404</b>

### **Receivable from and payable to related parties**

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2021 \$	2020 \$
<b>Current receivables:</b>		
Trade and other receivables from related parties	3,111,415	1,930,118
<b>Current payables:</b>		
<b>Trade and other liabilities to related parties</b>	<b>39,107,432</b>	<b>25,466,182</b>

### **Term and conditions**

All transactions were made on normal commercial terms and conditions and at market rates.

## Note 33. Events after the reporting period

The impact of the Coronavirus (Covid-19) pandemic is ongoing and while it has had a negative impact on the results of the reporting year ended 30 June 2021, it is not expected to impact the going concern of the entity. The situation is however developing and is dependent on measures imposed by the Australian Federal, State and Territory governments which could make

it impractical to estimate the potential long-term impact to the entity.

No other matter or circumstance has arisen since 30 June 2021 and at the date of this report that has significantly affected, or may significantly affect Hearing Australia's operations, the results of those operations, or its state of affairs in future financial years.

# Compliance Index

PGPA Rule Reference	Part of Report	Description	Requirement
17BE	Contents of annual report		
17BE(a)	The Australian Hearing Services Act	Details of the legislation establishing the body.	Mandatory
17BE(b)(i)	The Australian Hearing Services Act	A summary of the objects and functions of the entity as set out in legislation.	Mandatory
17BE(b)(ii)	Purpose	The purposes of the entity as included in the entity's corporate plan for the reporting period.	Mandatory
17BE(c)	Minister for Government Services	The names of the persons holding the position of responsible Minister or responsible Ministers during the reporting period, and the titles of those responsible Ministers.	Mandatory
17BE(d)	Appendix 1 – Ministerial directions and other statutory requirements	Directions given to the entity by the Minister under an Act or instrument during the reporting period.	If applicable, mandatory
17BE(e)	Appendix 1 – Ministerial directions and other statutory requirements	Any government policy order that applied in relation to the entity during the reporting period under section 22 of the Act.	If applicable, mandatory
17BE(f)	N/A	Particulars of non-compliance with: (a) a direction given to the entity by the Minister under an Act or instrument during the reporting period; or (b) a government policy order that applied in relation to the entity during the reporting period under section 22 of the Act.	If applicable, mandatory
17BE(g)	Annual Performance Statement	Annual performance statements in accordance with paragraph 39(1)(b) of the Act and section 16F of the rule.	Mandatory
17BE(h), 17BE(i)	Appendix 1 – PGPA Rule Section 17BE (h) – (i) Significant non-compliance with the Finance Law	A statement of significant issues reported to the Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with finance law and action taken to remedy non-compliance.	If applicable, mandatory
17BE(j)	Appendix 7 – Board Governance	Information on the accountable authority, or each member of the accountable authority, of the entity during the reporting period.	Mandatory
17BE(k)	Organisational structure and governance	Outline of the organisational structure of the entity (including any subsidiaries of the entity).	Mandatory
17BE(ka)	Appendix 3 – Key staffing statistics	Statistics on the entity's employees on an ongoing and non-ongoing basis, including the following: (a) statistics on full-time employees; (b) statistics on part-time employees; (c) statistics on gender; (d) statistics on staff location.	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
17BE	Contents of annual report		
17BE(l)	Delivering excellent client outcomes	Outline of the location (whether or not in Australia) of major activities or facilities of the entity.	Mandatory
17BE(m)	Organisational structure and governance	Information relating to the main corporate governance practices used by the entity during the reporting period.	Mandatory
17BE(n), 17BE(o)	N/A	For transactions with a related Commonwealth entity or related company where the value of the transaction, or if there is more than one transaction, the aggregate of those transactions, is more than \$10,000 (inclusive of GST): (a) the decision making process undertaken by the accountable authority to approve the entity paying for a good or service from, or providing a grant to, the related Commonwealth entity or related company; and (b) the value of the transaction, or if there is more than one transaction, the number of transactions and the aggregate of value of the transactions.	If applicable, mandatory
17BE(p)	N/A	Any significant activities and changes that affected the operation or structure of the entity during the reporting period.	If applicable, mandatory
17BE(q)	N/A	Particulars of judicial decisions or decisions of administrative tribunals that may have a significant effect on the operations of the entity.	If applicable, mandatory
17BE(r)	N/A	Particulars of any reports on the entity given by: (a) the Auditor-General (other than a report under section 43 of the Act); or (b) a Parliamentary Committee; or (c) the Commonwealth Ombudsman; or (d) the Office of the Australian Information Commissioner.	If applicable, mandatory
17BE(s)	N/A	An explanation of information not obtained from a subsidiary of the entity and the effect of not having the information on the annual report.	If applicable, mandatory
17BE(t)	Indemnity and Insurance of Officers	Details of any indemnity that applied during the reporting period to the accountable authority, any member of the accountable authority or officer of the entity against a liability (including premiums paid, or agreed to be paid, for insurance against the authority, member or officer's liability for legal costs).	If applicable, mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
17BE(tad)	Appendix 8 – Audit and Risk Management Committee	<p>The following information about the audit committee for the entity:</p> <ul style="list-style-type: none"> <li>(a) a direct electronic address of the charter determining the functions of the audit committee;</li> <li>(b) the name of each member of the audit committee;</li> <li>(c) the qualifications, knowledge, skills or experience of each member of the audit committee;</li> <li>(d) information about each member’s attendance at meetings of the audit committee;</li> <li>(e) the remuneration of each member of the audit committee.</li> </ul>	Mandatory
17BE(ta)	Appendix 4 – Information about Remuneration, including Executive Remuneration	Information about executive remuneration.	Mandatory

# Glossary

<b>AHS Act</b>	<i>Australian Hearing Services Act 1991</i>
<b>ANAO</b>	Australian National Audit Office
<b>Annual Report</b>	The yearly report prepared by Hearing Australia in accordance with section 46 of the PGPA Act (or the Directors of a Commonwealth company in accordance with section 97 of the PGPA Act). It provides a broad statement of capability and performance, including results against targets published previously for the corresponding year in the corporate plan. It allows the Board and senior management to report to the Minister on the efficiency and effectiveness for which the Minister is ultimately responsible.
<b>ARMC</b>	Audit and Risk Management Committee of the Board of Hearing Australia
<b>Audiologist</b>	A university qualified professional that evaluates hearing function and provides appropriate rehabilitation, such as the fitting of hearing aids
<b>Audiometrist</b>	A clinician who has completed a certificate course in hearing assessment, hearing aid fitting and management
<b>Clinician</b>	An Audiologist or Audiometrist
<b>Corporate Plan</b>	A document detailing Hearing Australia's strategic direction that is required to be prepared for the Minister for Government Services and the Minister for Finance
<b>CSO</b>	Community Service Obligations - part of the Government's Hearing Services Program
<b>DOH</b>	Department of Health (within the Financial Statements)
<b>DSS</b>	The Department of Social Services
<b>EBITDA</b>	Earnings before interest, tax, depreciation and amortisation
<b>ESD</b>	Ecologically Sustainable Development that aims to meet the needs of today, while conserving our ecosystems for the benefit of future generations
<b>ERP</b>	Enterprise Resource Planning (System)
<b>Financial Year (FY)</b>	Period of a year being reported upon (commencing on 1 July and ending on 30 June)
<b>First Nations</b>	A term which acknowledges the diversity of Australia's First Peoples
<b>GST</b>	Goods and Services Tax
<b>HATS</b>	Hearing and Talking Scale - instrument used to assess a child's hearing
<b>HAP</b>	Hearing Assessment Program
<b>HAPEE</b>	Hearing Assessment Program - Early Ears
<b>Health</b>	The Department of Health - administers the Australian Government's Hearing Services Program
<b>Hearing Bus</b>	Purpose built vehicles intended primarily to promote Hearing Australia and provide free hearing screening across the country
<b>Hearing Centres</b>	Hearing Australia's service outlets and physical point of contact for clients

<b>HSP</b>	Hearing Services Program – provides Government supported hearing services to eligible people. Funded through the Commonwealth Department of Health
<b>ICT</b>	Information and Communications Technology
<b>KPI</b>	Key Performance Indicator
<b>NAL</b>	National Acoustic Laboratories – a division of Hearing Australia
<b>NDIA</b>	National Disability Insurance Agency
<b>NDIS</b>	National Disability Insurance Scheme
<b>Network</b>	Hearing Australia's services across Australia
<b>Outreach</b>	Specialist services provided for Aboriginal and Torres Strait Islanders
<b>Permanent site</b>	A permanently staffed hearing centre.
<b>PGPA Act</b>	<i>Public Governance, Performance and Accountability Act 2013</i>
<b>PGPA Rule</b>	Public Governance, Performance and Accountability Rule 2014
<b>PLUM</b>	Parent-evaluated Listening and Understanding Measure – instrument used to measure a child's hearing
<b>Remote Site</b>	A location providing for assessment, device fitting and rehabilitation, situated in a locality determined by the Department of Health (using the Modified Monash Model – from 1 October 2019) as being disadvantaged by restricted accessibility of goods and services
<b>Responsible Minister</b>	Minister with portfolio responsibility for a Commonwealth entity
<b>RFDS</b>	Royal Flying Doctor Service
<b>Teleaudiology</b>	Provision of audiological services remotely from the patient
<b>Telehealth</b>	Use of telecommunication techniques for the purpose of providing telemedicine, medical education, and health education over a distance
<b>Visiting Site</b>	A site that is visited on regular basis by a clinician to deliver hearing services. No Hearing Australia staff are permanently based at a visiting site.
<b>Voucher</b>	Certificate issued by the Department of Health to eligible adults that entitles clients to Government funded hearing services under the Hearing Services Program (HSP)
<b>VROA</b>	Visually Reinforced Orientation Audiometry – gaining a child's response by presenting a sound through a speaker, then when the child turns in the direction of the speaker a visual reward is given
<b>WHS</b>	Work health and safety

# Appendices

## Appendix 1 - Ministerial directions and other statutory requirements

Hearing Australia is required to make annual disclosures under the following legislation:

- *Australian Hearing Services Act 1991*
- *Public Governance, Performance and Accountability Act 2013*
- *Work Health and Safety Act 2011*
- *Freedom of Information Act 1982*
- *The Environment Protection and Biodiversity Conservation Act 1999*

No Ministerial directions were issued during the year 2020-21.

No Government Policy Orders were applied to Australian Hearing Services (trading as Hearing Australia).

## Appendix 2: Freedom of Information

Hearing Australia is subject to the *Freedom of Information Act 1982* (FOI Act). The FOI Act provides the public with a general right of access to documents held by Australian Government agencies, by requiring Commonwealth entities, such as Hearing Australia, to publish information and provide a right of access to documents.

The general right is limited by exception to protect essential public interests, including the privacy of individuals and the business affairs of those who give information to the entity.

Hearing Australia is required to publish information to the public as part of the Information Publication Scheme (IPS). The IPS is designed to promote open and transparent communications of government information. Hearing Australia's plan showing what information it publishes in accordance the IPS is located at [https://www.hearing.com.au/About-Hearing-Australia/Corporate-Publications-\(1\)/Information-Publication-Scheme](https://www.hearing.com.au/About-Hearing-Australia/Corporate-Publications-(1)/Information-Publication-Scheme).

Hearing Australia is required to publish on its website information about its structure, functions and statutory appointments. Hearing Australia must also publish its Annual Reports and other types of information including information that guides decisions or recommendations affecting members of the public as well as information about how the public can comment on policy proposals. This information is available at [www.hearing.com.au/About-Hearing-Australia](http://www.hearing.com.au/About-Hearing-Australia)

Enquiries on freedom of information matters, including requests for access to documents, may be directed to:

The FOI Officer  
Hearing Australia  
Level 5, 16 University Avenue  
Macquarie University NSW 2109

Telephone: (02) 9412 6800  
TTY: (02) 9412 6802  
email: [FOI@hearing.com.au](mailto:FOI@hearing.com.au)

In the reporting year to 30 June 2020, Hearing Australia was not the subject of any report given by the Office of the Australian Information Commissioner.

### Appendix 3: Key staffing statistics

#### All Ongoing Employees Current Report Period (2020-21)

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	Full-time	Part-time	Total Indeterminate	
NSW	119	6	125	196	162	358	0	0	0	483
QLD	38	3	41	98	77	175	0	0	0	216
SA	4	1	5	23	23	46	0	0	0	51
TAS	7	1	8	19	17	36	0	0	0	44
VIC	33	3	36	132	120	252	0	0	0	288
WA	7	3	10	38	27	65	0	0	0	75
ACT	1	0	1	6	6	12	0	0	0	13
NT	1	0	1	7	2	9	0	0	0	10
External Territories	0	0	0	0	0	0	0	0	0	0
Overseas	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>210</b>	<b>17</b>	<b>227</b>	<b>519</b>	<b>434</b>	<b>953</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1180</b>

#### All Non-Ongoing Employees Current Report Period (2020-21)

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	Full-time	Part-time	Total Indeterminate	
NSW	25	3	28	45	35	80	0	0	0	108
QLD	2	2	4	7	14	21	0	0	0	25
SA	0	1	1	1	0	1	0	0	0	2
TAS	1	2	3	2	3	5	0	0	0	8
VIC	0	3	3	7	23	30	0	0	0	33
WA	1	1	2	4	9	13	0	0	0	15
ACT	0	0	0	0	1	1	0	0	0	1
NT	0	1	1	1	4	5	0	0	0	6
External Territories	0	0	0	0	0	0	0	0	0	0
Overseas	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>29</b>	<b>13</b>	<b>42</b>	<b>67</b>	<b>89</b>	<b>156</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>198</b>



*All Ongoing Employees Previous Report Period (2019-20)*

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	Full-time	Part-time	Total Indeterminate	
NSW	124	14	138	205	181	386	0	0	0	524
QLD	37	3	40	105	81	186	0	0	0	226
SA	4	0	4	23	18	41	0	0	0	45
TAS	8	3	11	17	19	36	0	0	0	47
VIC	31	7	38	129	141	270	0	0	0	308
WA	10	3	13	34	40	74	0	0	0	87
ACT	1	0	1	3	8	11	0	0	0	12
NT	1	1	2	7	7	14	0	0	0	16
External Territories	0	0	0	0	0	0	0	0	0	0
Overseas	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>216</b>	<b>31</b>	<b>247</b>	<b>523</b>	<b>495</b>	<b>1018</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1265</b>

*All Non-Ongoing Employees Previous Report Period (2019-20)*

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	Full-time	Part-time	Total Indeterminate	
NSW	9	2	11	19	22	41	0	0	0	52
QLD	0	0	0	4	2	6	0	0	0	6
SA	0	0	0	1	0	1	0	0	0	1
TAS	0	0	0	1	0	1	0	0	0	1
VIC	0	0	0	3	0	3	0	0	0	3
WA	0	0	0	3	3	6	0	0	0	6
ACT	0	0	0	0	0	0	0	0	0	0
NT	0	0	0	1	1	2	0	0	0	2
External Territories	0	0	0	0	0	0	0	0	0	0
Overseas	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>9</b>	<b>2</b>	<b>11</b>	<b>32</b>	<b>28</b>	<b>60</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>71</b>

## Appendix 4 – Information about Executive Remuneration

In accordance with the requirements of the *Public Governance, Performance and Accountability Rule 2014* (PGPA Rule) and the Department of Finance Resource Management Guide (RMG)-38 *Commonwealth Entities Executive Remuneration Reporting Guide for Annual Reports*, Hearing Australia reports on its remuneration practices.

Table 4.1 lists the Key Management Personnel (KMPs) for 2020–21. This includes all Non-Executive Directors and members of Hearing Australia's Executive. These individuals are identified as KMPs consistent with the definition in the Australian Accounting Standards Board (AASB) 124 Related Party Disclosures. A further 15 employees are regarded as Other Highly Paid Employees for the purposes of the Commonwealth's remuneration reporting (Table 4.2 refers). Other Highly Paid Staff are employees who are neither KMP nor senior executives and whose total remuneration exceeds the \$230,000 threshold for the 2020–21 reporting period.

### Employment Arrangements

Hearing Australia employees are engaged under the *Australian Hearing Services Act 1991* as Commonwealth employees and are not covered by the *Australian Public Service Act 1999*. Some 96 per cent of employees are employed under Hearing Australia's Enterprise Agreement. Approximately four per cent of employees, including members of the Executive and Other Highly Paid Staff, are employed under common law contracts.

Hearing Australia's employees include audiologists, audiometrists, technicians, researchers and other hearing health professionals. Other roles include support for client engagement and corporate services.

### Fixed and Performance Based Pay

To achieve its business outcomes, as outlined in the Corporate Plan, Hearing Australia needs to be able to attract, reward and retain skilled employees. Hearing Australia's performance scheme framework supports that outcome, recognising that Hearing Australia must comply with relevant Commonwealth Government policies.

Remuneration for some employees consists of two components: a total guaranteed package and a variable 'at risk' component which is delivered through the performance scheme framework.

The fixed, guaranteed component of remuneration is comprised of base salary, superannuation contributions, allowances and any non-cash benefits, and aims to compensate employees for executing the core requirements of their role.

The performance payment (variable component) is an 'at risk' opportunity where a performance component of remuneration may be awarded to recognise outstanding performance. The provision of performance payments is discretionary and recognises high performing individuals and teams that have exceeded their key performance indicators and have contributed to the overall success of Hearing Australia.

## Salary Increases

Hearing Australia works within the parameters of the Remuneration and Funding Declaration (Declaration) under the Workplace Bargaining Policy approved by the Australian Public Service Commissioner.

Those employees engaged under Hearing Australia's Enterprise Agreement received an annual pay increase of two per cent in May 2021. This increase was scheduled for November 2020 but was deferred by six months in accordance with Commonwealth Government policy. Those employees on common law contracts did not receive an annual salary increase for 2020-21.

## Director Remuneration

All Hearing Australia Directors are appointed by the Minister for Government Services in accordance with s16 of the *Australian Hearing Services Act 1991*. Board Fees for Directors are paid according to the determination of the Commonwealth Remuneration Tribunal (the Tribunal) under the Remuneration Tribunal (Remuneration and Allowances for Holders of Part-time Public Office) Determination 2021. Hearing Australia has no role in determining the level of the Board Director fees. Statutory superannuation is paid in addition to the fees set by the Tribunal.

## Managing Director Remuneration

The Managing Director's remuneration is determined by the Board of Hearing Australia in line with the Remuneration Tribunal (Principal Executive Officers - Classification Structure and Terms and Conditions) Determination 2021.

## Remuneration Governance Arrangements

Hearing Australia's Remuneration Committee advises the Board on matters relating to employee remuneration. Appendix 9 provides further details on the operation of this Committee.

## 2020-21 Remuneration Information

The following tables detail the remuneration paid to Hearing Australia KMPs and other highly paid staff in 2020-21.

Table 4.1 Information about remuneration for key management personnel

Name	Position Title	Short-term benefits				Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration
		Base Salary	Bonuses	Other benefits and allowances	Superannuation contributions		Long Service Leave	Other long-term benefits		
P L Seaton	Chair	\$55,555	\$0	\$0	\$5,278	\$0	\$0	\$0	\$60,833	
S D Andersen	Director	\$8,449	\$0	\$0	\$803	\$0	\$0	\$0	\$9,252	
C J Crawford	Director	\$7,104	\$0	\$0	\$675	\$0	\$0	\$0	\$7,779	
EA Crouch	Director	\$28,792	\$0	\$0	\$2,735	\$0	\$0	\$0	\$31,527	
J E Currie	Director	\$34,952	\$0	\$0	\$3,321	\$0	\$0	\$0	\$38,273	
S S Liew	Director	\$42,244	\$0	\$0	\$3,267	\$0	\$0	\$0	\$45,511	
S J Vaughan	Director	\$43,118	\$0	\$0	\$4,096	\$0	\$0	\$0	\$47,214	
K W Keogh	Special Purpose Director	\$43,118	\$0	\$0	\$4,096	\$0	\$0	\$0	\$47,214	
K C Terrell	Managing Director	\$357,312	\$56,678	\$0	\$44,627	\$10,331	\$0	\$0	\$468,948	
M K S Brett	Chief Information Officer	\$332,034	\$0	\$13,992	\$58,527	\$30,488	\$0	\$0	\$435,041	
D P Cuda	Chief Financial Officer	\$59,120	\$11,592	\$0	\$5,221	\$582	\$0	\$0	\$76,515	
N J Fitzgerald	Chief Financial Officer	\$201,186	\$0	\$0	\$24,140	\$0	\$0	\$0	\$225,326	
B Edwards	Director NAL Research	\$336,492	\$71,530	\$0	\$36,410	\$7,043	\$0	\$0	\$451,475	
G Mavrias	Chief Operating Officer	\$316,347	\$78,426	\$27,017	\$61,548	\$23,170	\$0	\$0	\$506,508	
R A Priddin	Chief People & Governance Officer	\$283,400	\$0	\$13,992	\$44,023	\$43,746	\$0	\$0	\$385,161	
L Shaw	Chief Customer Officer	\$311,042	\$65,125	\$0	\$28,993	\$4,057	\$0	\$0	\$409,217	
<b>Total</b>		<b>\$2,460,265</b>	<b>\$283,351</b>	<b>\$55,001</b>	<b>\$327,760</b>	<b>\$119,417</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,245,794</b>	

All Senior Executive Staff are reported as Key Management Personnel.

Table 4.2 Information about remuneration for other highly paid staff

Total remuneration bands	Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration
	Number of other highly paid staff	Average Base Salary	Average Bonuses		Average other benefits & allowances	Average long service leave		
\$230,001 - \$245,000	4	\$180,166	\$14,792	\$9,987	\$29,400	\$4,021	\$0	Average total remuneration \$238,366
\$245,001 - \$270,000	8	\$158,817	\$15,827	\$2,526	\$23,214	\$5,170	\$52,655	\$258,208
\$270,001 - \$295,000	2	\$204,889	\$25,563	\$10,006	\$29,937	\$5,545	\$0	\$275,940
\$295,001 - \$320,000	1	\$213,559	\$33,942	\$21,930	\$41,769	\$8,660	\$0	\$319,860
\$320,001 - \$345,000	0	0	0	0	0	0	0	0
\$345,001 - \$370,000	0	0	0	0	0	0	0	0
\$370,001 - \$395,000	0	0	0	0	0	0	0	0
\$395,001 - \$420,000	0	0	0	0	0	0	0	0
\$420,001 - \$445,000	0	0	0	0	0	0	0	0
\$445,001 - \$470,000	0	0	0	0	0	0	0	0
\$470,001 - \$495,000	0	0	0	0	0	0	0	0
\$495,001 - ...	0	0	0	0	0	0	0	0

## Appendix 5 - Environment

Commonwealth organisations have a statutory requirement to report on their environmental performance and how they accord with and advance the principles of ecologically sustainable development (ESD) under Section 516A of the *Environment Protection and Biodiversity Conservation Act 1999*.

Hearing Australia's functions include assessing hearing, fitting/supply of hearing and assistive listening devices and providing counselling and rehabilitative programs to enable eligible clients to manage their hearing impairment and related education and research including hearing loss prevention. In carrying out these functions, we support and adhere to the sustainable procurement strategies set by the Australian Government for procurement processes, which are intended to drive performance, resource efficiency and innovation in supply chains and across industry.

### Ecologically sustainable development (ESD)

Hearing Australia continues to plan a transition to supply 100 per cent rechargeable batteries. This initiative will significantly reduce the number of batteries sent to landfill as we ramp up to full implementation.

Our major battery supplier is developing new technology to increase battery capacity, which will reduce the number of batteries used each year. We are expecting that this technology will be available for our clients in coming years.

## Environmental performance

The following measures were implemented to minimise the effect of our activities on the environment.

### Energy Efficiency

Our landlord and tenant obligations are under a Green Lease Schedule, resulting in improved energy efficiency in the premises and building at the Australian Hearing Hub, our national head office, by implementing an Energy Management Plan in support of the requirements and objectives of the Australian Government's Energy Productivity and Efficiency priorities.

Our motor vehicle fleet is largely 4 cylinder fuel-efficient, value for money, environmentally friendly vehicles for fleet use and have a high Green Vehicle Guide rating. We also promoted the use of energy efficient fuels such as diesel (for our twelve hearing buses) and the use of ethanol blended fuels (E10), where reasonably available.

We promote and support the use of video and phone conferencing instead of staff using air travel. In light of the recent pandemic, staff travel has been further reduced and the use of teleservices for clients has been expanded.

Enhancement of the ESD Principles is being achieved by all new centre builds (small retail sites) incorporating energy efficient lighting. Air conditioning units are replaced with ones with the most appropriate refrigerant and all toilets, where included, are converted to or installed with dual flush systems. Further, all our fleet and hearing bus vehicles are regularly serviced and maintained to ensure optimum fuel

efficiency. Following a strategic review of our fleet policy in October 2017, it was determined that our standard vehicles of choice going forward will be the Toyota Corolla and Camry Hybrid. This will translate to reductions in fuel consumption of more than 30 per cent per vehicle, resulting in considerably lower vehicle emissions. Over 50 per cent of our vehicle fleet (excluding buses) is now hybrid, with this to increase as older leases expire.

### **Waste**

Most personal computers are manually shutdown and all monitors are put into sleep mode after 10 minutes of inactivity. Following introduction of a Solid State storage unit, we have virtualised around 97.5 per cent of Wintel Server workload and 95 per cent of Unix Server workload. Personal computer and monitors are all ecological and power saving compliant.

Twenty per cent recycled copier paper is used in printers, photocopiers and multifunction devices. The non-recycled component is from sustainably managed plantations and forestry operations. The copy paper is certified carbon neutral. Our cleaning contractors provide environmentally friendly tissue paper (toilet paper and towels) and cleaning products.

ESD Principles are being enhanced through migration to a largely paper free environment. An e-Form framework has also been established. Paper reduction technology has also been introduced to our printers to further reduce consumption of paper

### **Water**

Hearing Australia is not a major water user and generally is not separately metered in our leased premises.

### **Environment - our commitment**

Environmental Management clauses are included in supplier contracts to improve environmental performance, specifically compliance with the National Waste Policy, the National Environment Protection Measures, Energy Efficiency in Government Operations Policy and the Green Marketing and Australian Consumer Law guideline.

This may cover use of energy efficient products, products from recycled materials or other environmentally preferable products, reduction/elimination of environmentally sensitive materials, material selection, design for end of life, product longevity/life cycle extension, energy conservation, end of life management, and corporate management and packaging.

### **Appendix 6 – Business Ethics Policy**

Our essence and purpose is to be caring and to have a positive impact on people's lives. Everything we do reflects these values – out in the community and within our locations across the country.

Hearing Australia has a Business Ethics Policy which ensures that our people understand:

- the values that underpin the way we do business
- the commitments and expectations that govern our interaction with others
- the standards of workplace behaviour that are expected
- behaviours that are unacceptable and require action
- the consequences of breaching the requirements of the Policy.

## Appendix 7 – Board Governance

### Board Governance

Hearing Australia operates under the *Australian Hearing Services Act 1991* (AHS Act) and the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). Under the PGPA Act, Hearing Australia is defined as a Corporate Commonwealth Entity.

The Board of Hearing Australia is our accountable authority, and it is responsible for determining the objectives, strategies and policies to be followed and to ensure Hearing Australia performs its functions in a proper, efficient and economical manner.

The functions and powers of Board are set out in section 8 and 9 of the AHS Act and are summarised as follows:

- to decide the objectives, strategies and policies to be followed by Hearing Australia, in accordance with section 14(1)(a) of the AHS Act
- to ensure that Hearing Australia performs its functions in a proper, efficient and economical manner in accordance with section 14(1)(b) of the AHS Act
- to act in accordance with the duties of officials required by the PGPA Act which include the obligations provided for in Division 3 (Subdivision A sections 25 – 29) dealing with the general duties of officials.

In executing its functions, the Board seeks to:

- ensure that Hearing Australia complies with Commonwealth reporting requirements
- provide guidance to senior management

- ensure the long term viability and financial position of Hearing Australia
- agree on key performance indicators (KPIs) for the measurement of Hearing Australia's performance
- ensure an appropriate corporate governance structure is in place
- assess the performance of Hearing Australia, our management and the Board itself
- monitor developments within Hearing Australia's operating environment
- approve annual accounts, the Annual Report and other public documents.

The PGPA Act requires the Board to maintain financial stability, measure and assess Hearing Australia's performance, prepare annual performance statements and an Annual Report.

The Board is also responsible for providing the Minister and the Finance Minister annually with Hearing Australia's Corporate Plan and Financial Plan, which includes financial targets and performance information, and for the establishment and management of risk and control systems.

Directors are appointed by the Minister in line with the AHS Act and have qualifications relevant to, or special experience or interest in, a field related to Hearing Australia's functions. The duties of the Managing Director as prescribed in Section 42 of the AHS Act.

The Board meets on a regular basis and has a number of committees. The following table lists the qualifications and experience of each Board member and the number of formal meetings attended by each member during 2020–2021.



Details of Accountable Authority during the reporting period - Current Report Period (2020-21)

Name	Qualifications of the Accountable Authority	Experience of the Accountable Authority	Position Title / Position held Executive / Non-Executive	Period as the accountable authority or member within the reporting period		
				Date of Commencement	Date of cessation	Number of meetings of accountable authority attended
<b>Dr Peta Seaton AM</b>	BA (Hons), PhD, GAICD	Principal of Strategic Consulting. Former Deputy Chair of the Bradman Foundation. Former Director of CARE Australia. Member of the Near Eastern Archaeology Foundation Council. Non-Executive Director of the Menzies Research Centre. Former NSW Parliamentarian and frontbencher. Former Director of Transition and Director of Strategic Priorities in the NSW Premier's Office. Director of the Bundanon Trust.	Chair of the Board  Non Executive	1 July 2020	30 June 2021	6
<b>Mr Kim Terrell</b>	BA, Master's Degree in Public Policy	Played a key role in establishing three agencies, the Digital Transformation Office (DTO), Australian Sports Anti-doping Authority (ASADA) and CrimTrac. Instrumental in creating myGov and driving digital transformation across the Department of Human Services and the Government. Experience working with and advising various ministers, Prime Ministers and their offices, to initiate significant improvements across various government programs. Australian Swim Team member from 1981-1986 and attended the 1982 Commonwealth Games and 1984 Olympics - winning ten national titles and holding six Australian records. Recipient of three Australia Day Awards.	Managing Director  Executive	1 July 2020	30 June 2021	6

Name	Qualifications of the Accountable Authority	Experience of the Accountable Authority	Position Title / Position held Executive / Non-Executive	Period as the accountable authority or member within the reporting period		
				Date of Commencement	Date of cessation	Number of meetings of accountable authority attended
Mrs Sandra Andersen	CPA, LLB, FAICD, Fellow of FINISIA	<p>Member of the Board of Trustees and Chair of the Finance and Audit Committee for Melbourne Convention and Exhibition Trust.</p> <p>Director and the Chair of the Audit and Risk Management Committee for Chisholm Institute.</p> <p>Director and Chair of Board Risk Committee for Beyond Bank Australia.</p> <p>Director and Chair of Audit &amp; Risk Management Committee for Agriculture Victoria Services Pty Ltd.</p> <p>Chair of the Australian Packaging Covenant Organisation Limited</p> <p>Chair of the Audit &amp; Risk Management Committee for Department of Premier &amp; Cabinet, Victoria.</p> <p>Mrs Andersen has also held senior executive positions with ANZ, Commonwealth Bank and NAB.</p>	<p>Director</p> <p>Non Executive</p> <p>Chair of Audit and Risk Management Committee</p>	1 July 2020	29 August 2020	1
Mr Kim Keogh		<p>Previously a Director of Australian Hearing over the period 2007 to 2013.</p> <p>Executive Director of Darlot Brothers Pty Ltd.</p> <p>Government relations/ public affairs advisor to Atlas Iron Ltd, Pilbara Minerals Ltd and Balla Balla Infrastructure Pty Ltd.</p> <p>Previously a member of the National Heritage Trust Advisory Board.</p> <p>Chair of the Ministerial Reference Group (Agriculture and Environment).</p> <p>Member of the National Weeds Advisory Group and pastoralist.</p> <p>He is a member of the Australian Institute of Company Directors.</p>	<p>Special Purpose Board Director</p> <p>Non Executive</p> <p>Chair, Research and Innovation Committee</p>	1 July 2020	30 June 2021	6

Name	Qualifications of the Accountable Authority	Experience of the Accountable Authority	Position Title / Position held Executive / Non-Executive	Period as the accountable authority or member within the reporting period		
				Date of Commencement	Date of cessation	Number of meetings of accountable authority attended
Mr Chris Crawford	GAICD, MBA, LLM, PhD	<p>Principal of Crawford Consulting.</p> <p>Member of the Industry Advisory Committee of the Macquarie University Centre for the Health Economy.</p> <p>Previously consecutively Chief Executive of the Northern NSW Local Health District, North Coast Area Health Service and Northern Rivers Area Health Service for over fifteen Years.</p> <p>Previously Executive Director of St George Hospital and Community Health Service</p> <p>Formerly Chief of Staff to the NSW Minister for Health.</p> <p>For his services to Health he received the Public Service Medal.</p>	Director Non Executive	1 July 2020	31 August 2020	1
Ms Sarah Vaughan	<p>Graduate Diploma in Personal Management, Leadership, People Management and Operations, Australian Royal Military College</p> <p>Masters in Information Technology, Information Systems Management</p> <p>Graduate Diploma, Applied Data Analytics and Computer Science</p>	<p>Eight years' experience in the Army in a variety of Communications and Information Systems management roles.</p> <p>Formerly Senior Director at Microsoft Australia.</p> <p>Strong background in stakeholder engagement, product commercialisation and application of emerging technology.</p> <p>Founder, The Arché, a bespoke accelerator and seed fund helping Australian SMEs market test new products and scale-up.</p> <p>Member of Melbourne University's Industry Advisory Group and works with a wide range of Australian Universities on curriculum and student programmes on innovation and entrepreneurship.</p> <p>Director in an agricultural business in Western NSW, producing beef for the premium Australian and Asian export markets.</p>	Director Non Executive	1 July 2019	30 June 2020	6

Name	Qualifications of the Accountable Authority	Experience of the Accountable Authority	Position Title / Position held Executive / Non-Executive	Period as the accountable authority or member within the reporting period		
				Date of Commencement	Date of cessation	Number of meetings of accountable authority attended
<b>Ms Jody Currie</b>	Bachelor's Degree – Ethnic, Cultural, Gender and Group Studies	<p>CEO of the Aboriginal and Torres Strait Islander Community Health Service (ATSICHS) Brisbane.</p> <p>Member of the Australia Institute of Company Directors, Board of the Brisbane Indigenous Media Association.</p> <p>Formerly a member of the Board of the Queensland Poetry Festival. Previously a member of the ATSICHS board over a six year period, two of these as Chair.</p> <p>Lengthy history in Aboriginal and Torres Strait Islander human service delivery and is a strong advocate for improving the service accessibility to Aboriginal and Torres Strait Islander people.</p>	<p>Director</p> <p>Non Executive</p> <p>Chair, Remuneration Committee</p>	1 July 2019	30 June 2020	6

Name	Qualifications of the Accountable Authority	Experience of the Accountable Authority	Position Title / Position held Executive / Non-Executive	Period as the accountable authority or member within the reporting period		
				Date of Commencement	Date of cessation	Number of meetings of accountable authority attended
<b>Ms Shirley Liew</b>	Bachelor of Business, MBA, GDip Corporate Finance, FCPA	<p>Shirley brings extensive public and private health experience, including in the ageing sector, and has a strong commercial background in finance, retail, transport, food, and mergers and acquisitions.</p> <p>She also chairs various risk, finance and audit committees, including the Central Coast Local Health District.</p> <p>Shirley is a Fellow of CPA Australia as well as being a Chartered accountant with extensive experience in leadership and senior technical roles as audit, assurance and advisory partner for major accounting firms.</p>	<p>Director</p> <p>Non Executive</p> <p>Chair, Audit and Risk Management Committee</p>	3 September 2020	30 June 2020	5
<b>Ms Elizabeth Crouch AM</b>	Bachelor of Economics, FAICD, Masters in Cyber Security	<p>Ms Crouch brings strong government and policy expertise and extensive non-Executive Director experience, including being a Board member for Western Sydney Local Health District, Health Infrastructure and the NSW Institute of Sport.</p> <p>She also chairs the boards of the Customer Owned Banking Association, the Sydney Children's Hospital Network and SGS Economics and Planning. Ms Crouch is also the Emeritus Deputy Chancellor of Macquarie University.</p> <p>She is skilled in business strategy and delivery, enterprise risk management, leadership and mentoring, Government relations, stakeholder relations, and culture change.</p>	<p>Director</p> <p>Non Executive</p>	3 September 2020	30 June 2021	5

## **Induction**

New Directors are provided with a briefing and information to ensure they understand their roles, responsibilities and key features of Hearing Australia, including its operations, policies and strategies. Ongoing Director education is provided through site visits and presentations.

## **Confidentiality**

All Directors are required to sign a confidentiality agreement on commencement with Hearing Australia. These agreements set out the obligations of Directors to not disclose confidential information obtained during the course of their duty as Directors.

## **Indemnity and Insurance of Officers**

During the year, Hearing Australia paid a premium of ex GST \$87,088 to insure the Directors and Officers of Hearing Australia. The liabilities insured were legal costs and other expenses that may be incurred in defending any civil or criminal proceedings brought against them in their capacity as Directors and Officers of Hearing Australia.

## **Performance Assessment**

An appraisal of the performance of the Board is undertaken on an annual basis to ensure the effectiveness of operations of the Board and its Committees. This includes completion of a formal questionnaire based on guidance from the Australian Institute of Company Directors and action to improve internal governance arrangements.

## **Certification**

The Managing Director and the Chief Financial Officer provide written certification regarding the integrity of the controls and activities of the organisation, including assurances as to Hearing Australia's financial situation. This assurance supports the Audit and Risk Management Committee in one of its key responsibilities: reviewing the Annual Financial Statements, which culminates in the acceptance of the Annual Financial Statements by the Board.

## **Independent Professional Advice**

Directors have the right, with the prior agreement of the Chair, to obtain relevant independent professional advice at the expense of the organisation on any matter connected with the discharge of their duties as a Director.

## **Appendix 8 – Audit and Risk Management Committee**

### **Audit and Risk Management Committee**

The responsibilities of the Audit and Risk Management Committee include:

### ***Financial reporting***

- review the financial statements and provide advice to the Board (including whether appropriate action has been taken in response to audit recommendations and adjustments), and recommend their signing by the Chair of the Board
- assess whether appropriate management action has been taken in response to any issues raised by the Australian National Audit Office (ANAO), including financial statement adjustments or revised disclosures

- review the processes designed to ensure that financial information included in Hearing Australia's Annual Report is consistent with the signed financial statements
- monitor the standard of financial information provided to the Board
- discuss with the ANAO the auditor's judgments about the adequacy of Hearing Australia's accounting policies and the quality of processes for the preparation of the financial statements
- review whether Hearing Australia has appropriate mechanisms in place to review and implement, where appropriate, relevant Parliamentary Committee reports and recommendations.

#### ***Performance reporting***

- review how Hearing Australia measures and reports on its performance
- satisfy itself and provide assurance to the Board that Hearing Australia has a performance management framework that is linked to organisational objectives and outcomes, to ensure that Hearing Australia can measure and assess its performance in achieving its purposes as required under section 38 of the PGPA Act
- advise the Board on the preparation and review of Hearing Australia's Annual Performance Statement for inclusion in the Annual Report
- provide other advice at the request of the Board.

#### ***System of risk oversight and management***

- review whether Hearing Australia's management has in place a current and comprehensive risk management framework and associated procedures for effective identification and management of Hearing Australia's financial and business risks, including fraud, and to approve Hearing Australia's Risk Management Framework
- determine whether a sound and effective approach has been followed by Hearing Australia in managing its major risks, including those associated with individual projects, program implementation and activities
- satisfy itself that Hearing Australia's management has assessed the impact of Hearing Australia's enterprise risk management framework on Hearing Australia's control environment
- monitor the adequacy of insurance cover for Hearing Australia
- monitor reports on fraud from Hearing Australia's management that outline any significant or systemic allegations of fraud, the status of any ongoing investigations and any changes to identified fraud risk in Hearing Australia
- at least annually, commission and approve an entity wide assurance map that identifies Hearing Australia's key assurance arrangements.

### **System of internal control**

- assess whether management has in place comprehensive and relevant policies and procedures designed to maintain an effective internal control framework, including controls over external parties such as contractors and advisors and information technology security and arrangements
- review whether management has in place appropriate policies and procedures, and that these are periodically reviewed and updated
- determine whether the appropriate processes are in place to assess, at least once a year, whether policies and procedures are complied with
- assess whether appropriate policies and supporting procedures are in place for the management and exercise of delegations
- assess whether management has taken steps to embed a culture that promotes the proper use of Commonwealth resources and which is committed to ethical and lawful behaviour
- determine whether a sound and effective approach has been followed in establishing Hearing Australia's business continuity planning arrangements, including whether business continuity and disaster recovery plans are periodically updated and tested
- determine whether management has appropriately considered legal and compliance risks as part of Hearing Australia's enterprise risk management plan
- assess the effectiveness of the system for monitoring Hearing Australia's compliance with relevant laws, regulations and associated government policies

The Charter of the Audit and Risk Management Committee is available at: <https://www.hearing.com.au/HearingAustralia/media/assets/Documents/ARMC-charter-September-2019.pdf>

### **Attendance at Meetings**

The Chair of the Hearing Australia Board, the Managing Director, the Chief Financial Officer, the Chief Operating Officer, Chief People and Governance Officer and other representatives from Hearing Australia management, who are not members of the Committee, may attend all or part of the ARMC meeting as observers, by invitation of the Committee Chair.

Representatives from the ANAO and their contracted service provider - Crowe Sydney - also attend each ARMC meeting, by invitation of the Committee Chair.

Ernst & Young was reappointed on 1 July 2020 for a one year period to manage the internal audit function. Their representatives attended each ARMC meeting by invitation of the Committee Chair.

Regular reports are received from management, Internal and External Auditors and recommendations for improved internal controls, processes and efficiencies are implemented on a regular basis.

The following table lists the number of formal meetings attended by each Committee member during 2020-21.



Member name	Qualifications, knowledge, skills or experience	Number of meetings attended / total number of meetings	Total annual remuneration (GST inc.)	Additional Information
<b>Ms Shirley Liew</b>	<p>Bachelor of Business, MBA, GDip Corporate Finance, FCPA</p> <p>Shirley brings extensive public and private health experience, including in the ageing sector, and has a strong commercial background in finance, retail, transport, food, and mergers and acquisitions.</p> <p>She also chairs various risk, finance and audit committees, including the Central Coast Local Health District. Shirley is a Fellow of CPA Australia as well as being a Chartered accountant with extensive experience in leadership and senior technical roles as audit, assurance and advisory partner for major accounting firms.</p>	3/5	\$14,730	Ms Liew was appointed to the Board and as the Chair of the Audit and Risk Management Committee on 3 September 2020.
<b>Ms Sarah Vaughan</b>	<p>Graduate Diploma in Personal Management, Leadership, People Management and Operations, Australian Royal Military College</p> <p>Masters in Information Technology, Information Systems Management</p> <p>Graduate Diploma, Applied Data Analytics and Computer Science</p> <p>Eight years' experience in the Army in a variety of Communications and Information Systems management roles.</p> <p>Formerly Senior Director at Microsoft Australia.</p> <p>Strong background in stakeholder engagement, product commercialisation and application of emerging technology.</p> <p>Founder, The Arché, a bespoke accelerator and seed fund helping Australian SMEs market test new products and scale-up.</p> <p>Member of Melbourne University's Industry Advisory Group and works with a wide range of Australian Universities on curriculum and student programmes on innovation and entrepreneurship.</p> <p>Director in an agricultural business in Western NSW, producing beef for the premium Australian and Asian export markets.</p>	5/5	\$8,941	
<b>Mr Kim Keogh</b>	<p>Previously a Director of Australian Hearing over the period 2007 to 2013.</p> <p>Executive Director of Darlot Brothers Pty Ltd. Government relations/public affairs advisor to Atlas Iron Ltd, Pilbara Minerals Ltd and Balla Balla Infrastructure Pty Ltd.</p> <p>Previously a member of the National Heritage Trust Advisory Board, Chair of the Ministerial Reference Group (Agriculture and Environment), member of the National Weeds Advisory Group and pastoralist.</p> <p>He is a member of the Australian Institute of Company Directors</p>	5/5	\$8,941	

Member name	Qualifications, knowledge, skills or experience	Number of meetings attended / total number of meetings	Total annual remuneration (GST inc.)	Additional Information
<b>Ms Eliza Penny</b>	Bachelor of Commerce, Partner at PWC	5/5	\$19,136	Ms Penny is a Special Purpose Member of the Audit and Risk Management Committee.
<b>Ms Sandra (Sam) Andersen</b>	<p>Certified Practising Accountant, Bachelor of Laws, Fellow of Finsia (the Financial Services Institute of Australasia) and the Australian Institute of Company Directors.</p> <p>Member of the Board of Trustees and Chair of the Finance and Audit Committee for Melbourne Convention and Exhibition Trust, Director and the Chair of the Audit and Risk Management Committee for Chisholm Institute.</p> <p>Director and Chair of Board Risk Committee for Beyond Bank Australia.</p> <p>Director and Chair of Audit &amp; Risk Management Committee for Agriculture Victoria Services Pty Ltd.</p> <p>Chair of the Australian Packaging Covenant Organisation Limited.</p> <p>Chair of the Audit &amp; Risk Management Committee for Department of Premier &amp; Cabinet, Victoria.</p> <p>Sam has held senior executive positions with ANZ, Commonwealth Bank and NAB. Following a career change from banking and finance into industry, she was CFO at Lumacom Ltd and Chief Operating and Financial Officer at Multi-Emedia.com Ltd, and led the IPO as Managing Director of Eyecare Partners Limited (ASX:EPL).</p>	2/5	\$2,946	Ms Andersen was Chair of the Audit and Risk Management Committee until 29 August 2020
<b>Mr Chris Crawford PSM</b>	<p>Graduate Member of the Australian Institute of Company Directors, Master of Business Administration, Master of Laws, PhD in Government Principal of Crawford Consulting.</p> <p>Member of the Industry Advisory Committee of the Macquarie University Centre for the Health Economy.</p> <p>Previously consecutively Chief Executive of the Northern NSW Local Health District, North Coast Area Health Service and Northern Rivers Area Health Service for over fifteen Years.</p> <p>Previously Executive Director of St George Hospital and Community Health Service.</p> <p>Formerly Chief of Staff to the NSW Minister for Health. For his services to Health, he received the Public Service Medal.</p>	2/5	\$1,473	Mr Crawford was a member of the Audit and Risk Management Committee until 29 August 2020 when his term ended.

## Appendix 9 – Remuneration Committee

### Remuneration Committee

The function of the Remuneration Committee is to assist and advise the Board on matters relating to compensation, performance pay, incentives and remuneration issues of the Managing Director and staff of Hearing Australia.

This includes providing the Board with advice in relation to:

- the remuneration of the Managing Director of Hearing Australia within the terms of the Managing Director’s Employment Determination and relevant Remuneration Tribunal determinations and guidelines
- the annual key performance indicators for the Managing Director
- the performance of the Managing Director against these key performance indicators, for the determination of annual performance related components
- the Managing Director’s processes, policies and decisions regarding the remuneration for Hearing Australia’s senior executives and staff
- Hearing Australia’s Enterprise Agreement and associated policies and frameworks for staff remuneration, allowances and entitlements.

### Attendance of Members at Remuneration Committee Meetings

Member	Number of Remuneration meetings attended/number held
Jody Currie (Chair)	2/2
Kim Terrell <sup>^</sup>	1/2
Peta Seaton <sup>*</sup>	1/2
Elizabeth Crouch <sup>+</sup>	1/2
Chris Crawford <sup>#</sup>	1/2

<sup>^</sup>Mr Terrell was a member of this Committee until 31 July 2020

<sup>\*</sup> Dr Seaton was a member of the Committee from 1 August 2020 onwards

<sup>+</sup>Mrs Crouch was a member of the Board and Committee from 3 September 2020 onwards

<sup>#</sup> Mr Crawford was a member of the Committee (and the Board) until 29 August 2020

## Appendix 10 – Human Research Ethics Committee

The Hearing Australia Board approves the appointment of the Chair of the Ethics Committee based on the recommendation of the Director, National Acoustic Laboratories (NAL). Other members are invited and appointed by the Director as vacancies occur.

The role of the Human Research Ethics Committee is to:

- protect the welfare and rights of participants in research undertaken by researchers employed by Hearing Australia
- approve research by other institutions on Hearing Australia clients where:
  - (a) there is significant involvement by researchers employed by Hearing Australia, or
  - (b) issues of privacy of client records kept by Hearing Australia are raised by the research, in which case, the Committee

needs to review the research to ensure that any breaches of the Australian Privacy Principles are justified, or steps are required of the researchers to obtain client permission to access the records.

- ensure that prior to the commencement of subject testing, all projects have received the appropriate ethics approval
- monitor the progress of research projects to which it has given ethics approval. This will be performed on an annual basis by examining the progress reports submitted by the researchers
- approve procedures to deal with complaints from participants of research projects, researchers or other interested parties about the conduct of the research or the consideration of research projects by the Committee.

The Human Research Ethics Committee met twice formally during 2020–21 and also reviews submissions out of session throughout the year.

### Attendance at Hearing Australia Human Research Ethics Committee Meetings

Name	Meetings attended/Meetings Held
Dr John Quilter (Chairman)	2/2
Prof. Catherine McMahon	2/2
Dr John Mack <sup>^</sup> (Retired Aug. 2020)	0/2
Alison King	2/2
Dr Teresa Ching <sup>*</sup>	1/2
Mr Richard Brading	2/2
Prof. Di Yerbury	0/2
Rev. Philip Bradford	2/2
Mr Arthur Gurjian <sup>+</sup>	1/2
Dr Carmen Kung <sup>&amp;</sup>	1/2

<sup>^</sup> Dr Mack's tenure ceased in August 2020. No meetings were held during his tenure in 2020–21

<sup>\*</sup> Dr Ching retired from the Committee in April 2021

<sup>+</sup> Mr Gurjian was appointed to the Committee in March 2021

<sup>&</sup> Dr Kung was appointed to the Committee in March 2021

## Appendix 11 – Research and Innovation Committee

The functions of the Research and Innovation Committee are outlined in its charter and are detailed below:

- identify threats to Hearing Australia’s current business model and how such threats may be mitigated
- identify opportunities for Hearing Australia associated with innovation and technology and how such opportunities can be maximised through innovation in services or service delivery
- consider the extent to which Hearing Australia’s Corporate Plan addresses the threats and opportunities identified.

The role of the Research and Innovation Committee is to:

- review the strategic plan of the National Acoustic Laboratories’ (NAL) research once each year and report to the Board
- determine that the projects to be undertaken are in line with the role of Hearing Australia as described in the AHS Act and any broad strategic directions for NAL that are in place at the time.

For NAL projects that receive funding from the Department of Health (Health), the Committee undertakes tasks set out in the Memorandum of Agreement – *Research and Development into Hearing Health, Rehabilitation and Prevention between Health and Hearing Australia, represented by NAL* (the Agreement), to ensure:

- that NAL’s activities are consistent with the terms of the Agreement
- alignment between the aim of each project undertaken by NAL, with the objectives of the Australian Government’s Hearing Services Program, by endeavouring to confirm that each project:
  - has the potential for national application
  - provides practical and sustainable benefits
  - has methodological merit, and where appropriate, be peer reviewed
  - is cost effective
  - can be directly translatable into practice and/or provide knowledge that has the potential to guide future research and development impacting on practice.

The Committee also:

- monitors and reviews the performance, progress and expenditure of projects against the above listed criteria and ensure that any changes to the direction and/or scope of a project do not compromise synergy with the objectives of the Hearing Services Program
- manages the quality of the research through a review process which may be conducted by members of the Committee and/or involve audiological or other scientific peer review external to the Committee
- considers whether to endorse any reports as requested by Health prior to NAL formally submitting them
- takes a proactive, high level role in project selection, evaluation, resource allocation and balance of type of outcomes to be achieved (i.e. basic research versus applied research versus development and community benefit versus commercial return) and the intellectual property rights strategy
- takes a proactive, high level role in:
  - identifying and advising on risk at all levels (organisational and project) around research and development at NAL
  - providing oversight to ensure that all risks are effectively mitigated and managed by NAL.
- is interactive, and apply scrutiny and guidance at a strategic level including review of project progress reports at each meeting
- assesses significant changes to projects in line with strong governance, structure and reporting/evaluation mechanisms, including oversight of variations to individual project budgets/allocations
- monitors the development, ownership, protection and commercialisation of intellectual property created by NAL.

### Attendance of Directors and Members at Research and Innovation Committee Meetings

Director	Number of Research Innovation committee meetings attended/number held
Kim Keogh (Chair)	4/4
Jody Currie	4/4
Sarah Vaughan	4/4
Elizabeth Crouch	4/4
Claire Kimball (Special Purpose Member)	4/4

### Appendix 12 - PGPA Rule Section 17BE (h) – (i) Significant non-compliance with the Finance Law

#### PGPA Rule Section 17BE (h) – (i) Significant non-compliance with the Finance Law

Description of non-compliance	Remedial Action
N/A	N/A
N/A	N/A



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