

Annual Report 2019 – 2020

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

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Letter to the Minister

The Hon. Stuart Robert MP
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 ended 30 June 2020.

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 for Hearing Australia during 2019-20.

Yours sincerely,



Dr Peta Seaton AM
Chair
29 September 2020

Message from the Chair

In a year of unprecedented challenges, including bushfires and a global pandemic, Hearing Australia remained 'open for business' and every week helped over 10,000 children, young adults, adults with complex needs and pensioners and veterans across Australia.

As Chair of the Board of Directors of Hearing Australia, I am pleased to report that, despite the pandemic, Hearing Australia had a strong 2019–20 financial year and is in a sound position to continue the transformation of our services, the modernisation of our legacy ICT systems as well as our ambitious agenda to prevent avoidable hearing loss.

In 2019–2020 we provided care for some 271,000 clients, including almost 71,000 Community Service Obligations (CSO) program clients – a new record and almost five per cent more than the previous year.

In the second half of the year we significantly increased our use of teleaudiology services and digital touchpoints to help clients stay safe while receiving the help they needed. And the response from clients was overwhelmingly positive, with client satisfaction rates remaining at over 80 per cent for the year and rising to 85 per cent during the first wave of the pandemic.

During the year our new Hearing Assessment Program (HAP) became operational in 72 regional and remote communities and assessed over 2,000 Aboriginal and Torres Strait Islander

children aged under six years. These assessments would not otherwise have been possible in the majority of these communities and revealed that around one third of these children had undiagnosed hearing loss. These children were placed into clinical referral pathways and their progress will be monitored by Hearing Australia. This Program will expand rapidly in 2020–21 and forms an important element in our efforts to tackle the prevention of avoidable hearing loss.

We also worked closely with the Department of Health and the National Disability Insurance Agency regarding the future of the CSO program and the maintenance of the National Disability Insurance Scheme early intervention pathway for children with hearing loss aged 0–6 years. Up until the end of June 2020 we had helped some 2,100 families access this pathway and gain the support they need for their children.

Importantly, we completed phase one of our multi-year plan to prevent avoidable hearing loss, including with the establishment of the HAP, the creation of a Prevention Unit within our research arm, the National Acoustic Laboratories (NAL), and the completion of a number of research projects aimed at improving our understanding of how

best to reduce hearing loss. We are now building a coalition of partners to develop a National Strategy for the Prevention of Avoidable Hearing Loss. This work will continue into 2020–21.

NAL also continues to play a vital role in leading and implementing innovative research into hearing loss. Projects were initiated that focused on Connected Health that include the development of teleaudiology tools and assessment of teleaudiology service outcomes. Two of NAL's completed projects resulted in the licensing of two different diagnostic tools to equipment manufacturers for international distribution, both technologies designed to help test the hearing ability of babies.

Our people stood up in times of crisis, with over 95 per cent of our staff attending work every day and some 120 of our nearly 1,350 staff volunteering to help Services Australia support Australians impacted by the first wave of the pandemic. The Chair's ThankU Awards, an initiative to acknowledge staff innovation and above-and-beyond client care, drew out exceptional stories of our staff response to the pandemic, the more special for the enthusiasm of their peers to nominate them.

Our thanks

On behalf of the Board and the organisation, I wish to express our thanks to the Hon. Stuart Robert MP, Minister for the National Disability Insurance Scheme and Minister for Government Services, for his support throughout 2019–20, including on prevention measures.

The Hearing Australia Board looks forward to working closely with Minister Robert and the Government over the year ahead.

I would also like to thank our many partners, including government agencies, non-government organisations and peak organisations, with whom we work every day. We remain committed to building our partnerships across Australia in order to transform our services and deliver better outcomes to government and the communities we serve.

On behalf of the Board, I also want to thank Hearing Australia's management team and staff for their work and commitment over what has been a challenging period. As in thousands of organisations across Australia, Hearing Australia executives and Board members worked quickly and intensively to respond to the day-by-day unfolding of the pandemic. I am proud of the deliberate, intelligent and constructive way in which our Managing Director led his team to put Hearing Australia in a position to meet the needs of our clients and stakeholders quickly and safely.

Our people change our clients lives for the better and I thank them for the passion they bring to their roles every day.

And finally, I want to thank the Board of Hearing Australia for their contribution over the past year as we continue to remain focussed on delivering better client outcomes and position the organisation for even greater success in the future.

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 hearing health care, particularly in times of crisis when staying connected is so important.

The 2019–20 financial year was a defining year for Hearing Australia, a year which saw the organisation, with the support of government and our partners, rapidly and successfully adapt to the impact of the global pandemic while continuing to provide our 'essential' services to those who need them.

In 2019–20, we helped over a quarter of a million clients across the nation through our national network of permanent and visiting hearing centres, by visiting close to 230 regional and remote communities, and through our website and call centre.

We responded rapidly to changing conditions, expanding our use of teleservices to continue to assist those who need our help. We accelerated our adoption of digital technologies, allowing our staff to work more flexibly and making our services easier to access from wherever our clients are, including providing hearing screenings to people in their homes.

In 2019–20 we also delivered the first phase of our agenda to prevent avoidable hearing loss, especially in Aboriginal and Torres Strait Islander communities. This will provide the foundation for our prevention efforts in years to come.

Hearing Australia operates in a highly competitive sector. Despite the challenges of the pandemic and its impact in the second half of the year, we achieved a solid financial result with total revenue of \$256.7 million and a profit before tax of \$13.8 million. We will maintain a rigorous focus on our financial sustainability over the coming year while also delivering high quality services and meeting our governance and compliance obligations.

Our capabilities in data and digital will also continue to grow, with the milestone signing of a contract in June 2020 to replace our legacy technology and data platforms. This will support broader, longer term organisational transformation and improvements to our services.

Our Strategic Human Resources Agenda is also strengthening our capabilities to collaborate, innovate and build for the future.

Looking back, I am inspired by the unwavering commitment of our staff, who have risen to meet the changing needs of our clients in highly challenging circumstances during the year. They deserve special thanks for their dedication.

I would also like to thank the Hon. Stuart Robert MP, Minister for the National Disability Insurance Scheme and Minister for Government Services, for his ongoing support, as well as the Board of Hearing Australia and our partners in government and across the hearing sector for their part in our shared successes.

Kim Terrell
Managing Director
Hearing Australia

Delivering excellent client outcomes

Overview

Our clients are at the heart of everything we do. We care for and support people with hearing loss right across Australia, including people living in rural and very remote communities. We offer a wide range of information, research and clinical services, including the fitting of hearing devices and follow-up services.

We provide 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
- participants in the National Disability Insurance Scheme (NDIS)
- 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.

We also provided hearing services to almost 30,000 clients who are not eligible for government supported services and who sought out our services, especially during the challenges of the bushfires and the pandemic.

While Hearing Australia's performance during the year was impacted by the pandemic, we continued to provide services to all Australians.

We delivered positive outcomes in the areas of Prevention and the hearing health of Aboriginal and Torres Strait Islander peoples and saw a record number of clients under the Community Service Obligations (CSO) Program.

Our experience this year has demonstrated that the community considers the maintenance of their hearing health as essential and they expect to be able to get help when and where they need it. Our endeavours were highly successful, with all of our 167 Hearing Centres nationwide remaining open, with a continued emphasis on maintaining the wellbeing of our clients and people.

Prevention

It is estimated that some 3.6 million Australians have hearing loss and that this number will double by 2060. Critically 49 per cent of childhood hearing loss is estimated to be preventable, as is 37 per cent of adult loss. This represents a major economic and social challenge which will grow as the demographic of the population ages.

Despite such compelling numbers, there is a low level of knowledge of hearing health in the broader community.

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 for them in their future education and employment.

In 2019–20 we completed phase one of our Prevention Strategy with highlights including the establishment of the Hearing Assessment Program (HAP); engagement with several states and non-government partners to pilot prevention and early detection initiatives; partnering with the Royal Flying Doctor Service to identify children and adults with hearing loss who could benefit from further support; and completion of research into:

- building the capability of primary healthcare and early education workers to identify young children with hearing loss
- urban hearing pathways for Aboriginal and Torres Strait Islander children
- identifying the optimal timeframe for action on hearing healthcare for Aboriginal and Torres Strait Islander children
- preventing noise induced hearing loss in the general population.

This work will continue into 2020–21 and beyond.

Hearing Assessment Program

At the conclusion of 2019–20, the HAP celebrated its first year in operation. This Program is funded by the Australian Government and designed to address the hearing needs of Aboriginal and Torres Strait Islander children aged 0 – 6 years who live in regional and remote communities. In its first year, this Program delivered a total of 2,095 hearing assessments across 72 communities.

Almost 30 per cent of children assessed under this Program were confirmed to have some form of hearing loss and over 30 per cent had middle ear disease. Children who were identified as having middle ear disease were referred for medical treatment, with 96 children referred to ear, nose and throat specialists.

Children assessed under HAP were also referred for speech pathology and for assessment for hearing aids, where appropriate. Without this Program, the identification of these children's ear and hearing health issues would not have occurred or would have been delayed.

The HAP will expand to more locations in 2020–21, and will:

- support primary health services to screen young children for ear and hearing problems
- raise community awareness of the need for early and ongoing hearing assessment
- increase the number of pre-school children receiving diagnostic hearing tests.

The hearing health of children who have already been assessed under the Program will also be monitored to ensure their continued hearing health.

Community Service Obligations Program

The CSO Program provides government subsidised hearing services (assessments, hearing devices and ongoing support) for children, young adults, adults with complex needs and Aboriginal and Torres Strait Islanders.

Hearing Australia delivers this Program under a Memorandum of Agreement with the Department of Health (Health).

During 2019-20, Hearing Australia provided CSO services to 70,679 CSO clients – a record number of clients seen in a year and a 4.9 per cent increase compared with the previous financial year.

A total of 12 of the 13 Key Performance Indicators (KPIs) for the CSO program were met with one KPI impacted by the restrictions imposed by the pandemic. Services for some Aboriginal and Torres Strait Islander communities were also affected by the pandemic, with many locations 'locked down'. As a result, we put in place alternative teleaudiology services where possible and will increase services to these communities as restrictions are eased.

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

In 2019-20, we provided 76,881 services to 30,294 young Australians under the age of 21. We also provided 11,234 services to 4,836 young adults between 21 and 26 years of age.

During the year 5,299 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. They can be particularly useful in a classroom environment. We also provided 811 speech processors through the Cochlear Implant Speech Processor Upgrade and Replacement Program.

Directional microphones in hearing aids have been shown to improve a listener's ability to understand speech in noisy conditions. This year Hearing Australia introduced new bone conduction technology to our range of aids which can be worn without an implantable component and are supported by government funding. This provides a new option for clients who are unable to use conventional air conduction hearing aids due to chronic middle ear disease.

Services for Aboriginal and Torres Strait Islander children and young adults

In 2019–20, we saw a total of 4,407 Aboriginal and Torres Strait Islander children and young adults aged under 26 years. This represents 13 per cent of the total number of children and young adults who received our services during the year.

Our efforts in improving the hearing health of Aboriginal and Torres Strait Islanders are delivering visible impacts. Between 2008 to 2019, the peak age of first fitting of a hearing aid for Aboriginal and Torres Strait Islander children dropped from eight years to five years of age. 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 to Hearing Australia.

Refer also to the Hearing Assessment Program.

Services for Aboriginal and Torres Strait Islander adults

In 2019–20, Hearing Australia provided services to 6,505 Aboriginal and Torres Strait Islander adults – an eight per cent increase compared with the previous year. Over the past four years, this client group has increased by an average of 10 per cent annually. Sixty one per cent of these clients chose to receive hearing services at one of our hearing centres or visiting sites, with 39 per cent receiving services at a community location through our Outreach program. We work closely with Aboriginal and Torres Strait Islander communities to provide hearing services in urban, regional and remote locations, providing an average of five visits to each of 226 communities.

Services for adults with complex hearing rehabilitation needs

In 2019–20, we provided 69,573 services to 28,950 adults with complex hearing needs. The majority of these adults have a severe or profound hearing loss or poor understanding of speech and require 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 76 per cent of adults with complex needs seen by Hearing Australia were provided with 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

The Australian Government confirmed in 2019–20 that children and young adults under 26 years of age and eligible adults with complex needs will continue to receive government funded hearing services through Hearing Australia beyond 1 July 2020. The government also confirmed that those eligible for the NDIS may be able to receive funding for additional reasonable and necessary supports that are not available through Hearing Australia.

Hearing Australia is an approved provider under the NDIS. During the last financial year, Hearing Australia provided hearing services to 1,651 NDIS participants who were not otherwise eligible for the Hearing Services Program. 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. Up until the end of June 2020 we had helped some 2,100 families to date 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 Government's Hearing Services Program (HSP – also known as the 'Voucher' Program, and administered by Health), and those clients who choose to fund the cost of their own services.

As at 30 June 2020 we had provided 374,088 services to clients under the HSP. This was a 5.2 per cent decrease on the 2018-19 financial year, largely as a result of decreased demand in the second half of the financial year associated with the pandemic. We also provided 44,600 services to self funded clients during 2019-20.

Client feedback remained highly positive during the year, with client satisfaction remaining at over 80 per cent, and lifting to 85 per cent in April 2020 in the middle of the first wave of pandemic lockdowns.

Client Centric Design

The launch of our new name 'Hearing Australia' in July 2019 enabled us to raise awareness of the importance of hearing and improve our engagement with those with hearing loss.

Throughout the year we reached out to clients and members of the community in rural, regional and metropolitan locations across Australia through traditional marketing, community outreach programmes and partnering with other health professionals. In the last year we provided initial hearing screening services to over 40,000 adults through these initiatives.

With the goal of improving the experience of all those seeking and receiving our care, Hearing Australia established a Customer Experience Design practice in early 2020. This unit was created to improve our client services through greater personalisation, more convenient access, increased digitisation and better value for money.

The initial work of the Customer Experience Design practice has made it easier for clients to access our services and deliver new models for remote care in response to the pandemic.

To ensure that clients continue to be at the heart of our transformation, we have enhanced our 'Voice of the Client' program, including increasing our capability to leverage client feedback to drive real time service improvements. In addition, we have conducted national research to better understand current and emerging client needs and trends.

Teleaudiology

The needs and expectations of clients are rapidly changing in light of technology advances and an increase in digital health solutions. Hearing device technology is also rapidly advancing and new solutions are emerging for varying parts of the hearing services market.

Hearing Australia has embraced these changes and is continuing to innovate to ensure that our services remain world class and meet the needs and expectations of our clients.

Over 2019-20, our digital tools have also been expanded to:

- help both clients and clinicians conduct tele-appointments
- make it easier for clients to book online for appointments at times that suit them
- enable clients to have hearing screenings online from home
- allow clients to connect more quickly with Hearing Australia via phone or online chat
- assist clients to better understand our range of hearing aids, services and costs.

These initiatives have been particularly crucial to ensuring that we have been able to continue to provide our services to those who need them in the face of the pandemic.

Providing great value to Government and partners

Minister for Government Services

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

The Hon. Stuart Robert MP, the Minister for the National Disability Insurance Scheme and Minister for Government Services, is responsible for administering the *Australian Hearing Services Act 1991* (AHS Act), except to the extent that the AHS Act is administered by the Minister for Health.

The Department of Social Services (the Department) works closely with Hearing Australia, providing advice to the Minister in connection with the Minister's responsibilities regarding Hearing Australia. The Department also liaises with stakeholder departments, such as the Department of Health (Health) and the Department of Finance, in relation to 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 commercial operations.

In 2019–20, highlights included:

- providing support and advice to the Minister for Government Services and relevant departments, agencies and external partners
- growing our network of partners to tackle preventable hearing loss, especially in Aboriginal and Torres Strait Islander children

- working closely with Government and other hearing health stakeholders to set the future direction for hearing services for all those who need them, most notably ensuring that young children receive rapid access to services under the National Disability Insurance Scheme. Up until the end of June 2020 we had helped some 2,100 families access this pathway and gain the support they need for their children
- partnering with the not-for-profit sector, peak bodies, universities and organisations within the hearing sector to deliver value for money for the community and taxpayers.

Roadmap for Hearing Health

The Roadmap for Hearing Health, which aims to improve hearing outcomes for the community, was released by the Hon. Ken Wyatt MO, the then Minister for Aged Care and Minister for Indigenous Health, in February 2019.

NAL initiated three new projects funded by Government in July 2019 to progress recommendations in the Roadmap:

- Development of a national hearing awareness campaign
- Development of standardised outcome measures for hearing health interventions
- Strategies for promoting the uptake of the Parent-evaluated Listening and Understanding Measure (PLUM) and Hearing and Talking Scale (HATS) tools for identifying hearing loss in Aboriginal and Torres Strait Islander children.

The resulting National Hearing Awareness Campaign Report was delivered to Health in May 2020 and included recommendations for engaging and communicating with key target groups at risk of hearing

loss; including young children; farmers and other workers exposed to noise; and Aboriginal and Torres Strait Islander peoples. This work will provide a foundation for the development of a future national public awareness campaign.

We also participated in the development of national ear and hearing health performance indicators for Aboriginal and Torres Strait Islander children. We mapped the wait times experienced by families for hearing and ear, nose and throat services, to develop recommendations for timeframes for intervention for children experiencing significant hearing loss. This work will be completed in 2020–21.

In addition, further research work will occur this year in support of the Roadmap for Hearing Health with new projects approved by Health in June 2020 to include establishing eligibility criteria for hearing aid provision in the Hearing Services Program (HSP) and evaluating the clinical and cost effectiveness of upgrading cochlear implants within the HSP.



The National Acoustic Laboratories made considerable progress in 2019–20 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.

In 2019–20, 17 new research projects were started and 14 projects were completed.

Of the 17 projects initiated, six were focused on the hearing health of Aboriginal and Torres Strait Islander peoples. A grant application for Wave 3 of the Longitudinal Outcomes for Children with Hearing Loss (LOCHI) project to the United States National Institute of Health was successful and will support LOCHI for five years.

Five projects conducted during the year were commercially sponsored projects, funded by major hearing device manufacturers *WS Audiology, Phonak, Oticon and Advanced Bionics* plus one startup company.

Funding opportunities for commercial research projects are, however, expected to decrease as economic conditions worsen as a consequence of the pandemic.

Research project outcomes were published in 23 peer reviewed journals and 13 non-peer reviewed journals.

In addition, the Hearing Australia Research Program (HARP) was created to provide long term support for research activities in support of the strategic objectives of Hearing Australia. Projects included the application of behavioural economics research to help clients make better decisions about their hearing health, the development of insights into the application of teleaudiology to hearing services, and an assessment of current wait times for diagnostic and specialist ear health services for Aboriginal and Torres Strait Islander children in order to produce recommendations for improved treatment.

Significant initiatives were introduced to advance NAL's innovation agenda. NAL's Project Management Office developed and introduced a new Innovation Project Management Process to support improvements to hearing and hearing health services. In further support of NAL's innovation agenda, a new

leadership position of Head, Strategy and Innovation, was established to spearhead this work. This role will grow NAL's innovation capabilities and engage with the external innovation community to support the development of solutions for hearing health across Australia.

Two technologies developed at NAL were licensed to hearing equipment manufacturers:

- An innovative technology that makes assessing the hearing abilities of infants easier was licensed to United States clinical equipment manufacturer *MedRx* and was released for worldwide distribution
- The technology behind *HEARLab*, which was developed at NAL and has become a part of standard of care for paediatric hearing health care, was licensed to clinical equipment manufacturer *Inventis* for redevelopment and distribution worldwide.

In addition, *Sound Storm*, game technology designed for children with hearing difficulty, was sold to *Nomad Agency* for continued mobile platform support and international distribution on an app store.

Assets that were developed by NAL as a part of the HEARing Cooperative Research Centre (CRC) were transferred from the CRC to Hearing Australia after the closure of the CRC, including IP around *HEARlab* technology, *HEARsmart*, and the most used hearing aid fitting prescription worldwide, *NAL-NL2*.

NAL has increased its level of engagement and collaboration with Macquarie University, which has hearing health as a university wide strategy. Collaborations include several joint grant applications, hackathons and workshops. As a part of the partnership, NAL donated intellectual property

and assets from years of NAL research to allow the University's researchers to continue to refine clinical tools for assessing children with auditory processing disorder like symptoms.

NAL launched its online webinar series *Soundbites: Connecting with NAL*. The goal of the series is to inform people globally about NAL's research using short, high impact presentations, with an emphasis on the increasing adoption of remotely delivered hearing services in response to the pandemic. Eleven webinars were delivered to global audiences during the year. Recordings of the webinars have been made available on YouTube, where they received over 1000 views in the first two months.

Further research highlights include:

- The start of Wave 3 of LOCHI, tracking the benefit of early intervention with hearing aids and cochlear implants towards language ability through to age 16
- The creation of a portable version of NAL's smartVROA technology, allowing infant hearing to be assessed in remote locations and places without traditional paediatric audiological equipment
- The completion of NAL's first major behavioural insights project, applying behavioural economics principles to hearing health care decision making which results in better client outcomes
- The delivery of a comprehensive report to Health on the state of hearing health care in Australia along with recommendations for a hearing awareness campaign
- The initiation of several projects focused on Connected Health which include the development of teleaudiology tools and assessment of teleaudiology service outcomes.

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 2019-20 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
- Increasing our use of data to better inform service design, customer experience and organisational performance
- Developing 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. We invest in our people to ensure their capabilities grow in order to drive organisational performance and help them achieve their personal career ambitions.

Our people, like many in the broader community, have faced a number of challenges during 2019-20. During the year our key aim has been to keep our people safe and to focus on their wellbeing. We have implemented fortnightly pulse surveys to provide staff the opportunity to give rapid feedback.

This has proven particularly valuable during the pandemic. We were able to adjust our response in real time based on what our people were looking for and needed. Survey results over the course of the pandemic indicate that our people remained highly engaged and were appreciative of the measures Hearing Australia implemented to keep them safe and well. Attendance rates at work were maintained at around 95 per cent. Further, employee engagement remained high during the pandemic, and our employee wellbeing scores increased 11 per cent between March and June 2020.

Our learning and development activities transitioned from a traditional face to face delivery model to a virtual classroom, allowing participation from flexible and remote locations. We also partnered with our Employee Assistance Program provider, Work Happy, to equip our people with the skills to work and lead effectively and sustainably in times of uncertainty.

We balanced our response to the pandemic with a focus on our longer

term priorities. Lifting the organisation's strategic Human Resources capability, insights and impact is a critical element of Hearing Australia's transformation agenda. With the aim of preparing our workforce for the future and accelerating our capability to collaborate, innovate, commercialise and future-build, our strategic workforce agenda covers six areas. These include:

- Strengthening our leadership impact
- Realising our future workforce in key cohorts
- Generating and strengthening people insights
- Enabling higher impact human resources
- Embedding our brand behaviours and ways of thinking into our culture
- Accelerating our new ways of working.

Over the last 12 months, significant programs of work have been delivered in each of these areas.

Our people were unwavering in their commitment to support Australians during challenges such as bushfires, floods and the pandemic. This was particularly demonstrated when over 120 staff from across all States and Territories volunteered to assist Services Australia. Eleven staff worked in Services Australia for up to six weeks answering calls and supporting Australians impacted by the first wave of the pandemic.

Safety and Wellbeing

During 2019-20 Hearing Australia has maintained 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. 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*.

Following an external audit, our Work Health and Safety management system was recertified against the Australia and New Zealand Standards AS/NZS 4801 for Occupational Health and Safety Systems. A further key achievement was the system being certified against the new ISO 45001 international standard, this certification being achieved a year prior to the standard coming into effect.

We promote health and wellbeing awareness among employees, and in 2019-20, our staff had access to:

- Workplace assessments and ergonomic equipment
- An Employee Assistance Program, which provides free and confidential counselling support
- 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 2019-20.

Additional Work Health and Safety measures were put in place to ensure the continued wellbeing of staff and clients, including the use of additional

personal protective equipment; developing a COVIDSAFE plan which complies with relevant State and Territory requirements; and the development of guidelines and resources for our people.

ICT Systems Modernisation

In 2019–20, Hearing Australia progressed the modernisation of its core technology and data platforms.

During the year we implemented the Microsoft 365 platform across the organisation which improved our ability to connect and collaborate and enabled our people to work more flexibly, allowing us to remain highly productive throughout the pandemic.

We are also replacing our legacy ICT systems with a Microsoft Dynamics 365 scalable solution which will support broader, long term organisational transformation and enable significant improvements to client experience and telehealth services.

Microsoft Dynamics 365 is a cloud based *Software as a Service* offering that permits configuration, as opposed to bespoke coding, for faster delivery and risk reduction. This is consistent with the Digital Transformation Agency’s guidelines. The core systems to be replaced are our:

- Practice Management System – an essential tool for clinicians and front of house staff used for making client appointments and information and for administering Government funded programs
- Client Relationship Management (CRM) solution used by staff to manage planned interactions with clients over time

- Enterprise Resource Planning (ERP) system used for business support functions such as Finance, Procurement, Logistics, and Property.

Hearing Australia engaged DXC in June 2020 as the external implementation partner for this work following a competitive tender process commenced in late 2019.

Financial Performance

Summary

As at 30 June 2020, total revenue for the financial year was \$256.7million, \$5.6 million higher than last year.

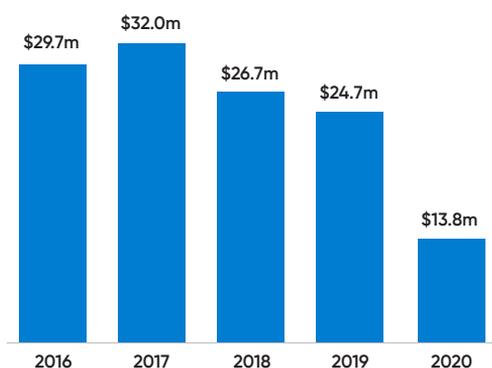
Total expenses to 30 June 2020 were \$13.0 million below budget due to lower hearing aids and product costs (\$5.6 million) related to lower revenues than budget, and reduced salary expenses (\$4.6 million) attributed to pandemic related delays in the roll out of client support programs.

Profit before tax was \$13.8 million to 30 June 2020, some \$8.5 million below budget as a result of pandemic related shortfalls of commercial revenue. Further details of our financial performance for the year are provided in the Financial Statements.

Revenue (2016 – 2020)



Profit Before Tax (2016 – 2020)



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 with alignment to 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

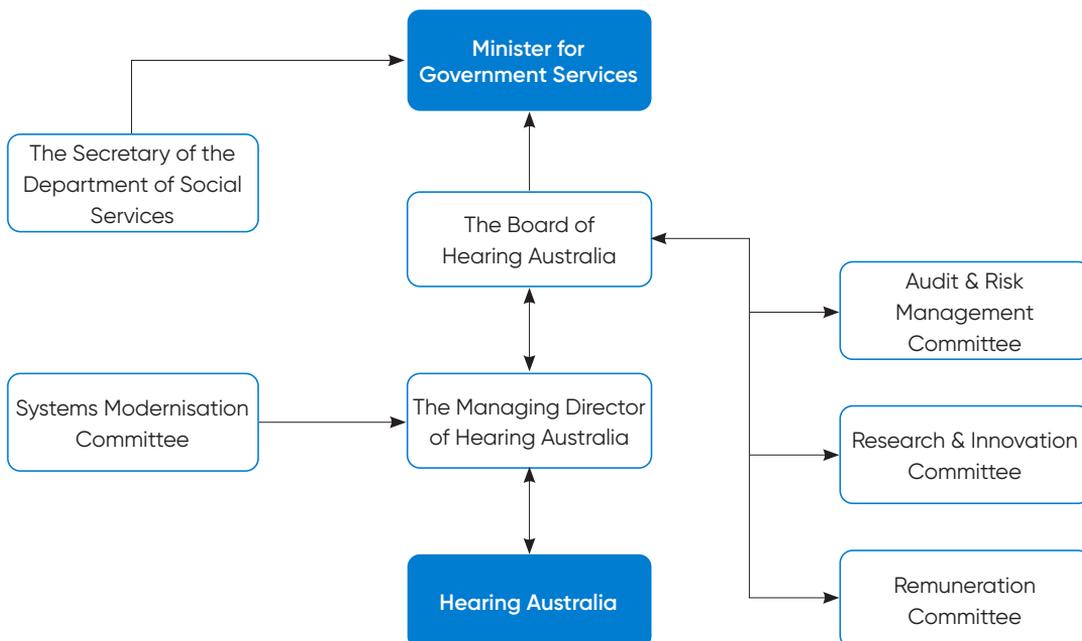
Governance arrangements and executive governance structure

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 section 8 and 9 of the AHS Act and are summarised in the section 'Board Governance'.

An overview of our governance arrangements



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 2019–20 are detailed below. All Directors held their positions throughout the entire year.

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.

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

Mrs Andersen is a Certified Practising 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.

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.

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 Master's Degree in Public Policy and three 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.

Executive Governance

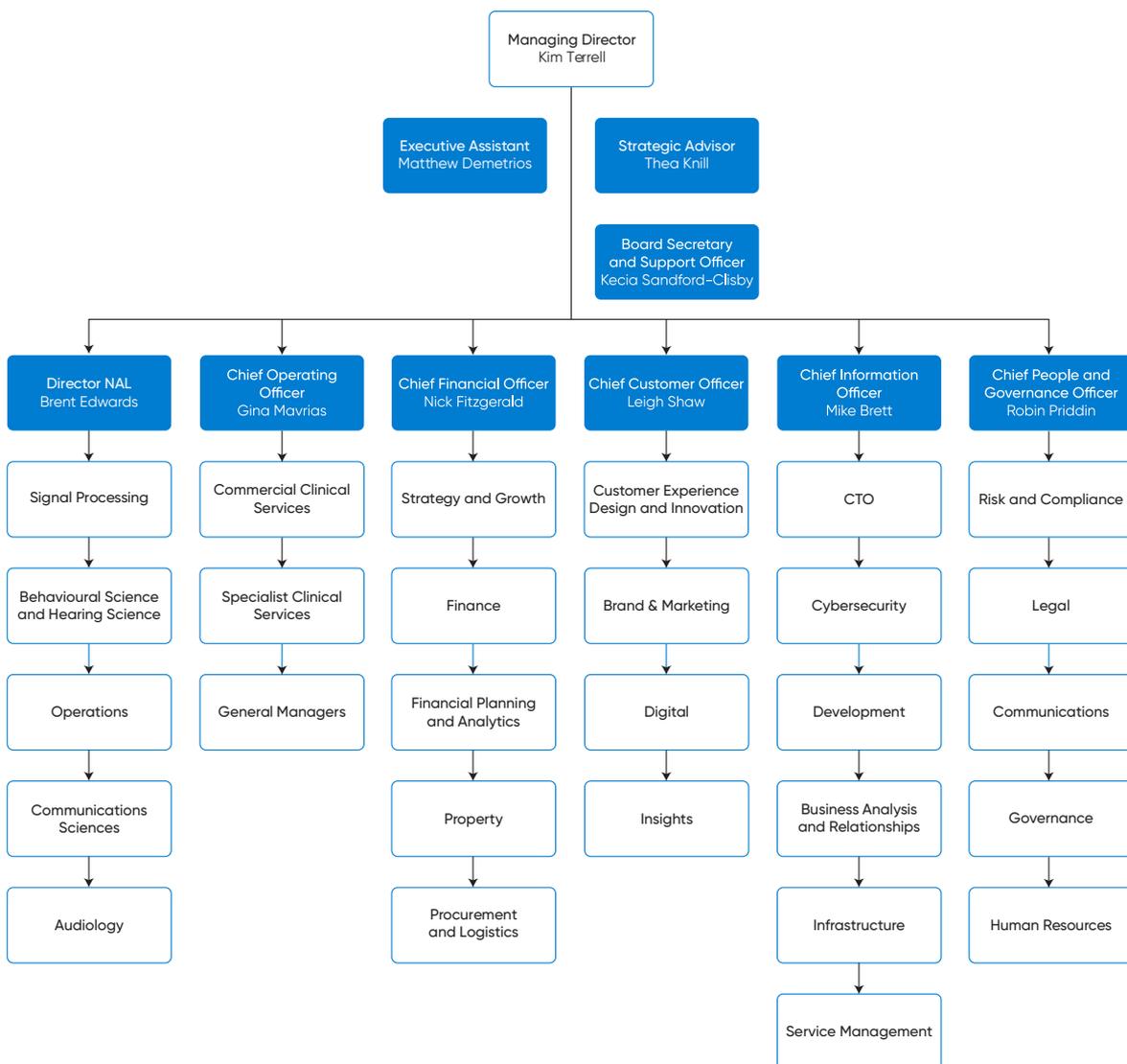
Executive Governance Structure

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.

During 2019–20, Hearing Australia completed recruitment for the Executive Team, filling the positions of Chief Customer Officer and Director of Legal, Risk, Compliance and Communication, completing the establishment of the suite of Executive roles commenced in 2018–19.

Further changes to the organisation structure resulted in restructuring of the role of Director of Legal, Risk, Compliance and Communication to include Governance and Human Resources functions; with the role renamed the Chief People and Governance Officer.

The resulting organisation structure is illustrated below.



Executive Management

Executive

Kim Terrell, Managing Director

Refer to Director's 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.

Nick Fitzgerald, Chief Financial Officer

Nick Fitzgerald joined the Hearing Australia Executive team in February 2018 as the Chief Financial Officer and lead for Business Services. He has worked in the healthcare industry for the last 15 years, predominantly at Johnson & Johnson, in both Finance and Customer roles. He has served as Chief Financial Officer of the Consumer Products division across Australia and New Zealand and led the establishment of the Customer Excellence Division at Janssen Pharmaceuticals.

Nick has a Bachelor of Commerce, is a member of Chartered Accountants Australia & New Zealand and is a Graduate Member of the Australian Institute of Company Directors. Nick is responsible for the leadership of Finance, Property, Procurement and Logistics and for key strategic projects within the business.

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 2019 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.

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 2019–20 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 AHS 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 2019–20 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	Target*	Result Achieved 2019-20
Services provided to Voucher holders - clause 8(1)(a) of the Act	411,000	374,088 (Substantially met, Q4 impacted by the pandemic)
Services provided to children up to age 21 (young Australians) - clause 8(1)(aa) of the Act	83,000	76,881 (Substantially met, Q4 impacted by the pandemic)
Services provided to Community Service Obligations (CSO) Clients - clause 8(1)(ad) of the Act	163,500	170,995 (Met)
As above	240 communities visited	226 (Substantially met, Q4 impacted by the pandemic)
Screening to detect, advise and educate on hearing issues and services - clause 8(1)(f) of the Act	73,000	46,030 (Not met, Q4 impacted by the pandemic)
Accessibility of services - clause 8(1)(l) of the Act	Grow permanent and visiting sites by 25 nationally	Not met due to the need to rationalise poorly attended visiting sites in response to the pandemic
Accessibility of services - clause 8(1)(l) of the Act	Improve access using our Hearing Buses to visit 2,200 locations	2,136 (Substantially met, Q4 impacted by the pandemic)
Increase the proportion of aided as a % of all Indigenous Eligibility (IE) Clients receiving services at Outreach sites	Increase	Increase (Met, 75.2% of IE clients seen in FY 2019/20 at Outreach had a device vs. 71.5% of IE clients seen in FY 2018/19 at Outreach had a device)
Provision of services to culturally and linguistically diverse (CALD) clients	Increase by 5.0%	Decrease by 1.6% (Not met, Q4 impacted by the pandemic)
Services provided to young adults between the ages of 21 and 26	10,000	11,234 (Met)
Provision of services to Complex Adult Clients	68,000	69,573 (Met)
Total injury frequency rate (TIFR)	TIFR 9.5	TIFR 7.0 (Met)
Quarterly reporting to the Minister for Government Services against:		
· KPIs	4 quarterly reports	4 (Met)
· Corporate Plan		
· Risk Review		
Quarterly reporting to the Department of Health (Health) against:		
· Memorandum of Agreement on Community Service Obligations (CSO) delivery KPIs (including financial)	4 quarterly reports	4 (Met)
Net Promoter Score (NPS) - customer metric that indicates client propensity to recommend or advocate Hearing Australia to others	+77 NPS	+75.7 (Substantially met)

* Source of the above activities is in the 2019-20 to 2022-23 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 2020

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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 Australian Hearing Services (trading as Hearing Australia) (the Entity) for the year ended 30 June 2020:

- (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 2020 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 2020 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



Executive Director

Delegate of the Auditor-General

Canberra

17 August 2020

Statement of 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 2020

In our opinion:

- the attached financial statements for the year ended 30 June 2020 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* ('PGPA Act'), and are based on properly maintained financial records in accordance with subsection 41(2) of the PGPA Act;
- at the date of this statement, there are reasonable grounds to believe that Australian Hearing Services 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.



Dr Peta Seaton
Chair



Kim Terrell
Managing Director



Nick Fitzgerald
Chief Financial Officer

Date: 17 August, 2020

Statement of Profit or Loss or Other Comprehensive Income

For the Year Ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
Revenue from contracts with customers	4	243,963	241,135
Other income	5	10,838	7,487
Interest on deposits		1,882	2,494
		256,683	251,116
Employee benefits expense		(125,873)	(118,023)
Goods and services received	6	(91,523)	(83,658)
Depreciation and amortisation		(22,281)	(10,353)
Impairment of non-current assets		0	(672)
Lease rental expense	17	(1,421)	(12,494)
Workers compensation premiums		(458)	(1,110)
Finance costs	7	(1,329)	(148)
Total expenses		(242,885)	(226,458)
Surplus before income tax equivalent expense		13,798	24,658
Income tax equivalent expense	8	(4,341)	(8,060)
Surplus after income tax equivalent expense for the year		9,457	16,598
Other comprehensive income for the year, net of tax		0	0
Total comprehensive income for the year attributable to the Australian Government		9,457	16,598

Statement of Financial Position

As at 30 June 2020

	Note	2020 \$'000	2019 \$'000
ASSETS			
Current assets			
Cash and cash equivalents		8,307	8,395
Trade and other receivables	10	2,599	3,499
Inventories	11	4,482	3,946
Contract assets	12	2,262	3,761
Other current assets	13	3,274	3,678
Investments under s.59 of the PGPA Act	14	107,522	117,355
Total current assets		128,446	140,634
Non-current assets			
Property, plant and equipment	16	24,283	25,848
Right-of-use assets	17	44,779	0
Intangible assets	18	4,326	5,696
Deferred tax assets	15	15,361	14,006
Total non-current assets		88,749	45,550
Total assets		217,195	186,184
LIABILITIES			
Current liabilities			
Trade and other payables	19	12,887	17,964
Lease liabilities	17	10,867	0
Lease incentives		0	908
Provisions	20	11,949	10,685
Contract liabilities	21	18,414	36,592
Tax liabilities		3,000	2,936
Dividend payable		1,009	3,959
Other current liabilities	22	12,125	8,703
Total current liabilities		70,251	81,747
Non-current liabilities			
Lease liabilities	17	40,978	0
Lease incentives		0	5,221
Provisions	23	22,304	20,227
Total non-current liabilities		63,282	25,448
Total liabilities		133,533	107,195
Net Assets		83,662	78,989
EQUITY			
Retained Surplus		83,662	78,989
Total Equity		83,662	78,989

Statement of Changes in Equity

For the Year Ended 30 June 2020

	Note	Retained Surplus \$'000	Total Equity \$'000
Balance at 1 July 2018		72,216	72,216
Surplus after income tax equivalent expense for the year		16,598	16,598
Other comprehensive income for the year, net of tax		0	0
Total comprehensive income for the year		16,598	16,598
Transactions with owners			
Dividends paid and payable	24	(9,825)	(9,825)
Balance at 30 June 2019		78,989	78,989
Balance at 1 July 2019		78,989	78,989
Balance at 1 July 2019		78,989	78,989
Surplus after income tax equivalent expense for the year		9,457	9,457
Total comprehensive income for the year		9,457	9,457
Transactions with owners			
Dividends paid or payable	24	(4,784)	(4,784)
Balance at 30 June 2020		83,662	83,662

Retained surplus of \$841,000 (2019: \$712,000) is apportioned to National Acoustic Laboratories with the balance to Hearing Australia.

Statement of Cash Flows

For the Year Ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
Cash flows from operating activities			
Receipts from goods and services		244,397	278,910
Interest received		2,137	2,328
Royalty received		89	144
Net GST received		3,546	2,526
Payments to employees		(122,774)	(116,246)
Payments to suppliers		(103,934)	(100,431)
Income tax equivalent		(5,632)	(6,674)
Interest paid on lease liabilities		(1,251)	0
Net cash inflow (outflow) from operating activities		16,578	60,557
Cash flows from investing activities			
Payments for property, plant and equipment		(7,241)	(6,487)
Payments for intangibles		(430)	(1,224)
Net payments for investments under s.59 of the PGPA Act		9,834	(39,076)
Net cash inflow (outflow) from investing activities		2,163	(46,787)
Cash flows from financing activities			
Dividends paid		(7,734)	(11,079)
Principal paid on lease liabilities		(11,095)	0
Net cash inflow (outflow) from financing activities		(18,829)	(11,079)
Net increase (decrease) in cash and cash equivalents		(88)	2,691
Cash and cash equivalents at the beginning of the financial year		8,395	5,704
Cash and cash equivalents at end of year		8,307	8,395

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For the year ended 30 June 2020

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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. Australian Hearing on 1 July 2019 changed its trading name to Hearing Australia.

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 2020.

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.

The following new Accounting Standards adopted are most relevant to Hearing Australia:

Hearing Australia adopted AASB 16 using the modified retrospective approach. Accordingly, the comparative information presented for 2019 is not restated, that is, it is presented as previously reported under AASB 117 and related interpretations.

Hearing Australia elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified

as leases under AASB 117 were not reassessed. The definition of a lease under AASB 16 was applied only to contracts entered into or changed on or after 1 July 2019.

AASB 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. Hearing Australia applied the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

- Apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under AASB 136 Impairment of assets as at the date of initial application; and
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.

As a lessee, Hearing Australia previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under AASB 16, Hearing Australia recognises right-of-use assets and lease liabilities for most leases. However, Hearing Australia has elected not to recognise right-of-use assets and lease liabilities for some leases of low value assets based on the value of the underlying asset when new or for short term leases with a lease term of 12 months or less.

On adoption of AASB 16, Hearing Australia recognised right-of-use assets and lease liabilities in relation to leases of properties, vehicles and office equipment, which had previously been classified as operating leases.

The lease liabilities were measured at the present value of the remaining lease payments, discounted using Hearing Australia's incremental borrowing rate as at 1 July 2019.

Hearing Australia's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The weighted-average rate applied was 2.32%.

The right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease incentives.

Impact on transition

The impact on transition to AASB16 is summarised below:

	1 July 2019 \$'000
Right-of-use assets - property, plant and equipment	51,273
Lease liabilities	(58,034)
AASB117 Lease incentive liability	6,761
	-

The following table reconciles the minimum lease commitments disclosed in Hearing Australia's 30 June 2019 annual financial statements to the amount of lease liabilities recognised on 1 July 2019:

	1 July 2019 \$'000
Minimum operating lease commitment at 30 June 2019	47,429
Less: short term leases not recognised under AASB 16	158
Less: low value leases not recognised under AASB 16	757
Plus: effect of extension options reasonably certain to be exercised	16,297
Undiscounted lease payments	62,811
Less: effect of discounting using the incremental borrowing rate as at the date of initial application	4,777
Lease liabilities recognised at 1 July 2019	58,034

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 July 2018.

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.

Refund liability

A refund liability has been created to provide for expected returns of products sold to customers and for expected correction of claims under the government voucher program. The calculation of this liability is based on management's estimate.

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.

Note 4. Revenue from contracts with customers

Disaggregation of revenue

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

	2020 \$'000	2019 \$'000
Major product lines		
Sale of goods	129,747	127,520
Rendering of services	114,216	113,615
	243,963	241,135
Geographical regions		
Australia	243,963	241,135
Timing of revenue recognition		
Goods and services transferred at a point in time	213,528	208,522
Goods and services transferred over time	30,435	32,613
	243,963	241,135

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 Social Services ('DSS') since 1 February 2020 (before this date the consideration was received from the

Department of Health), for (i) revenue received through a competitive voucher scheme administered by the DSS; and (ii) the provision of goods and services to the community.

Funding from the DSS 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 DSS.

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 maintenance services are received in advance, the amount is initially recognised as a contract liability and revenue is recognised over the service period.

Note 5. Other Income

	2020 \$'000	2019 \$'000
Grants	10,700	7,328
Royalties	89	144
Other income	49	15
	10,838	7,487

Accounting policy for other income Grants

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 Australian health program. Hearing Australia, through its research division the National Acoustic Laboratories also receives grants from a variety of external organisations to conduct research into hearing loss, diagnostics, outcomes, behaviours, technologies and preservation. Hearing Australia was until 30 June 2019 a member of the HEARing Cooperative Research Centre ('CRC').

Through the CRC, the Australian Government provided funding for a variety of projects that advanced the field of hearing and hearing healthcare. Funding received by Hearing Australia from the CRC is included in grants.

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. Refer to note 22 for more information on grant liabilities.

Royalties

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

Note 6. Goods and services received

	2020 \$'000	2019 \$'000
Aids and appliances	59,086	53,499
Consultants	2,515	1,245
Contractors	851	434
Information and communication technology	6,895	6,339
Marketing	5,115	4,876
Property	3,788	3,909
Travel	4,251	4,417
Others	9,022	8,939
Goods and services received	91,523	83,658

Note 7. Other expenses

	2020 \$'000	2019 \$'000
Surplus before income tax includes the following specific expenses:		
Finance costs		
Interest expense - Leases	1,251	0
Unwinding of discount on restoration provision liability	78	148
	1,329	148
Superannuation expense		
Defined contribution superannuation expense	15,816	15,122

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 8. Income tax equivalent expense

	2020 \$'000	2019 \$'000
Income tax equivalent expense		
Current tax		
Current tax	5,696	8,320
Total current tax expense	5,696	8,320
Deferred tax		
Decrease (increase) in deferred tax assets (Note 15)	(1,355)	(260)
Total deferred tax expense	(1,355)	(260)
Aggregate income tax equivalent expense	4,341	8,060
<i>Numerical reconciliation of income tax equivalent expense and tax at the statutory rate</i>		
Surplus before income tax equivalent expense	13,798	24,658
Tax at the statutory tax rate of 30% (2019: 30%)	4,139	7,397
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible expense/(Non-taxable income)	241	651
National Acoustic Laboratories exempt from income tax equivalent	(39)	12
Subtotal	202	663
Income tax equivalent expense	4,341	8,060

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 Hearing Australia provides services on a for-profit basis. Under competitive neutrality (note 9).

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 9. Competitive neutrality

	2020 \$'000	2019 \$'000
State tax equivalent expense	5,759	5,433
Commonwealth tax equivalent expense	5,696	8,320
Annual neutrality offset payment to the national workers compensation regulatory scheme	100	100
Total	11,555	13,853

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 10. Trade and other receivables

	2020 \$'000	2019 \$'000
Current		
Trade receivables	2,054	2,462
Less: Allowance for expected credit losses	(16)	(23)
	2,038	2,439
Interest receivable	322	577
GST receivable	239	483
	2,599	3,499

Allowance for expected credit losses

Hearing Australia has recognised a reversal of allowance for expected credit losses of \$7,000 (2019: an allowance for expected credit losses of \$11,000) in profit or loss for the year ended 30 June 2020.

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 DSS 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 11. Inventories

	2020 \$'000	2019 \$'000
Inventories held for sale - at cost	3,138	2,852
Inventories held for distribution - at cost	1,983	1,870
Less: Provision for impairment	(639)	(776)
	4,482	3,946

Inventory held for sale and distribution that was recognised as an expense in profit or loss amounted to \$59,086,000 (2019: \$53,499,000) for the year ended 30 June 2020.

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 12. Contract assets

	2020 \$'000	2019 \$'000
Services and sale of goods	2,391	3,959
Less: Allowance for expected credit losses	(129)	(198)
	2,262	3,761

Hearing Australia has recognised a reversal of impairment of expected credit losses of \$69,000 (2019: a reversal of impairment of \$12,000) in profit or loss for the year ended 30 June 2020.

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 Department of Health, 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 13. Other current assets

	2020 \$'000	2019 \$'000
Prepayments	3,180	3,212
Grants receivables	94	466
	3,274	3,678

Note 14. Investments under s. 59 of the PGPA Act

	2020 \$'000	2019 \$'000
Fixed term cash deposits	107,522	117,355
	107,522	117,355

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, it's 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 15. Deferred tax

	2020 \$'000	2019 \$'000
Deferred tax assets comprises temporary differences attributable to:		
Property, plant and equipment	(1,668)	(1,590)
Contract assets	(717)	(1,188)
Right of use assets	(13,434)	0
Payables & accrued expenses	1,041	1,782
Contract liabilities	3,910	3,923
Provisions	10,275	10,830
Inventories	192	233
Consulting expenses not yet deductible	179	0
Lease liabilities	15,553	0
Other temporary differences	30	16
Deferred tax asset	15,361	14,006
Movements		
Opening Balance	14,006	13,746
Credited (charged) to profit or loss (note 8)	1,355	260
Credited (charged) to other comprehensive income	0	0
Closing balance	15,361	14,006

Note 16. Property, plant and equipment

	2020 \$'000	2019 \$'000
Leasehold improvements		
Leasehold improvements – at cost	49,131	45,464
Leasehold improvements – accumulated depreciation	(34,256)	(30,670)
	14,875	14,794
Plant and equipment		
Plant and equipment – at cost	32,156	29,215
Plant and equipment – accumulated depreciation	(22,748)	(18,161)
	9,408	11,054
	24,283	25,848

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 2019	11,054	14,794	25,848
Additions	3,320	4,405	7,725
Disposals – written-down value	(3)	(101)	(104)
Reclassification	(26)	26	0
Depreciation expense	(4,937)	(4,249)	(9,186)
Carrying amount as at 30 June 2020	9,408	14,875	24,283

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 17. Leases

(i) Amount recognised in the statement of financial position

The balance sheet shows the following amounts relating to leases:

	2020 \$'000	1 July 2019 \$'000
Right-of-use assets		
Property	42,652	48,848
Vehicles	748	623
Office equipment	1,379	1,802
	44,779	51,273
Lease liabilities		
Current	10,867	10,535
Non-current	40,978	47,498
	51,845	58,033

Additions of the right-of-use assets during the year ended 30 June 2020 were \$5,140,000.

(ii) Amount recognised in profit or loss

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

	2020 \$'000	2019 \$'000
Depreciation charge of right-of-use assets		
Property	10,451	0
Vehicles	407	0
Office equipment	437	0
	11,295	0
Interest expense (included in finance cost)	1,251	0
AASB117 operating lease expense	0	14,130
Expense relating to low value leases (included in lease rental expense)	207	0
Expense relating to short term leases (included in lease rental expense)	1,214	0
Expense relating to variable lease payments (included in lease rental expense)	0	0

The total cash outflow for lease for the year ended 30 June 2020 was \$13,766,702.

(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
- 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
- restoration 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 18. Intangible assets

	2020 \$'000	2019 \$'000
Computer software internally developed - at cost	8,603	8,499
Computer software internally developed - less: accumulated amortisation	(5,139)	(3,715)
	3,464	4,784
Computer software purchased - at cost	3,997	3,672
Computer software purchased - less: accumulated amortisation	(3,135)	(2,760)
	862	912
	4,326	5,696

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 2019	4,784	912	5,696
Additions	105	325	430
Amortisation expense	(1,425)	(375)	(1,800)
Carrying amount as at 30 June 2020	3,464	862	4,326

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 19. Trade and other payables

	2020 \$'000	2019 \$'000
Current		
Trade creditors	3,512	5,403
Accrued expenses	5,433	8,849
Salaries and wages	3,942	3,712
	12,887	17,964

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 20. Provisions

	2020 \$'000	2019 \$'000
Current		
Employee benefits	10,784	9,286
Restoration obligations	1,165	1,399
	11,949	10,685

Restoration obligations

Refer to note 23 for details 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 21. Contract liabilities

	2020 \$'000	2019 \$'000
Current		
Maintenance and Hearing Services Card	15,890	15,988
Government funding for goods and services	2,524	20,604
	18,414	36,592

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 22. Other current liabilities

	2020 \$'000	2019 \$'000
Current		
Grant liabilities	11,926	8,387
Refund liabilities	199	316
	12,125	8,703

Accounting policy for grant and refund liabilities

Grant liabilities are accounted for in accordance with the policy in note 5.

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 the 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 23. Provisions

	2020 \$'000	2019 \$'000
Non-current		
Employee benefits	15,906	14,535
Restoration obligations	6,398	5,692
	22,304	20,227

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 178 (2019: 177) 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 2020 \$'000
Carrying amount as at 1 July 2019	7,091
Additional provisions recognised	492
Provision write backs	(95)
Unwinding of discount	75
Carrying amount as at 30 June 2020	7,563

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 24. Dividends paid and payable

	2020 \$'000	2019 \$'000
Interim dividend declared and paid to the Australian Government	3,775	5,866
Final dividend to the Australian Government payable at the reporting date	1,009	3,959
	4,784	9,825

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 (last year to the Department of Human 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 25. Fair value measurement

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 26. 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 Management 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:

	2020 \$	2019 \$
Short-term employee benefits	2,700,659	1,856,011
Post-employment benefits	310,015	207,123
Other long-term benefits	89,797	45,720
Total aggregate compensation of KMP	3,100,471	2,108,854

Short term employee benefits include estimated bonuses of \$169,277 that are not yet finalised at the time of preparing this report (2019: \$214,391).

There were no material related party transactions with KMP.

The total number of KMP that are included in the above table are 13 (2019: 11). The variance of 2 from last year is

a result of the appointment of 2 new senior executives into newly created positions.

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 27. 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:

	2020 \$	2019 \$
Audit services:		
Audit of financial statements	132,000	132,000

Note 28. Contingent liabilities

Hearing Australia had no contingent liabilities or assets as at 30 June 2020 and 30 June 2019.

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 29. Commitments

	2020 \$'000	2019 \$'000
Lease commitments - Operating		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	231	12,777
One to five years	302	27,282
More than five years	0	7,370
	533	47,429
Capital commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	6,131	205

Commitments are GST exclusive.

Note 30. 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 26 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:

	2020 \$	2019 \$
Sale of goods and services:		
Sale of goods to related parties	88,452,193	86,850,704
Rendering of services to related parties	103,681,061	103,284,073
Other income:		
Grant income from related parties	10,049,432	4,789,192
Payment for other expenses:		
Other expenses paid to related parties	666,404	1,436,790

Receivable from and payable to related parties

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

	2020 \$	2019 \$
Current receivables:		
Trade and other receivables from related parties	1,930,118	2,815,415
Current payables:		
Trade and other liabilities to related parties	25,269,140	25,011,245

Term and conditions

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

Note 31. Events after the reporting period

The impact of the pandemic is ongoing and while it has had a negative impact on the results of the reporting period ended 30 June 2020, it is not expected to impact the going concern of the entity. The situation continues to develop and is dependent on measures imposed by the Federal government and various State governments which make it impractical to estimate the potential long term impact to the entity.

No other matter or circumstance has arisen since 30 June 2020 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)	The Australian Hearing Services Act	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)	N/A	Directions given to the entity by the Minister under an Act or instrument during the reporting period.	If applicable, mandatory
17BE(e)	N/A	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

PGPA Rule Reference	Part of Report	Description	Requirement
17BE(h), 17BE(i)	N/A	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)	Board Governance	Information on the accountable authority, or each member of the accountable authority, of the entity during the reporting period.	Mandatory
17BE(k)	Governance Arrangements and Executive Governance Structure	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
17BE(l)	Overview	Outline of the location (whether or not in Australia) of major activities or facilities of the entity.	Mandatory
17BE(m)	Organisation structure and governance	Information relating to the main corporate governance practices used by the entity during the reporting period.	Mandatory
17BE(n), 17BE(o)	Note 30 Related party transactions	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

PGPA Rule Reference	Part of Report	Description	Requirement
17BE(p)	Performance Analysis	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

PGPA Rule Reference	Part of Report	Description	Requirement
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
17BE(taa)	Appendix 8 – Audit and Risk Management Committee	The following information about the audit committee for the entity: (a) a direct electronic address of the charter determining the functions of the audit committee; (b) the name of each member of the audit committee; (c) the qualifications, knowledge, skills or experience of each member of the audit committee; (d) information about each member's attendance at meetings of the audit committee; (e) the remuneration of each member of the audit committee.	Mandatory
17BE(ta)	Appendix 4 – Information about Executive Remuneration	Information about executive remuneration.	Mandatory

Glossary

AHS Act	<i>Australian Hearing Services Act 1991</i>
ANAO	Australian National Audit Office
Annual Report	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
ARMC	Audit and Risk Management Committee of the Board of Hearing Australia
Audiologist	A university qualified professional that evaluates hearing function and provides appropriate rehabilitation, such as the fitting of hearing aids
Audiometrist	A clinician who has completed a certificate course in hearing assessment, hearing aid fitting and management
Clinician	An Audiologist or Audiometrist
Client Pathway	A follow up system for clients who use hearing aids
Corporate Plan	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
CSO	Community Service Obligations - part of the Government's Hearing Services Program
Digital	The application of technology to provide services for the benefit of our clients, stakeholders and employees
DHS	The former Department of Human Services, now operating as Services Australia
DSS	The Department of Social Services
EBITDA	Earnings before interest, tax, depreciation and amortisation
ESD	Ecologically Sustainable Development that aims to meet the needs of today, while conserving our ecosystems for the benefit of future generations
ERP	Enterprise Resource Planning (System)
Financial Year (FY)	Period of a year being reported upon (commencing on 1 July and ending on 30 June)
GST	Goods and Services Tax
HATS	Hearing and Talking Scale - instrument used to assess a child's hearing
HAP	Hearing Assessment Program
Health	Department of Health – administers the Australian Government's Hearing Services Program
Hearing Bus	Purpose built vehicles intended primarily to promote Hearing Australia and provide free hearing screening across the country
Hearing Centres	Hearing Australia's service outlets and physical point of contact for clients

HSP	Hearing Services Program – provides Government supported hearing services to eligible people. Funded through the Commonwealth Department of Health
ICT	Information and Communications Technology
KPI	Key Performance Indicator
NAL	National Acoustic Laboratories – a division of Hearing Australia
NDIA	National Disability Insurance Agency
NDIS	National Disability Insurance Scheme
Network	Hearing Australia's services across Australia
NGO	Non-Government Organisation
Outreach	Specialist services provided for Aboriginal and Torres Strait Islanders
Permanent site	A permanently staffed hearing centre.
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
PGPA Rule	<i>Public Governance, Performance and Accountability Rule</i>
PLUM	Parent-evaluated Listening and Understanding Measure – instrument used to measure a child's hearing
Remote Site	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
Responsible Minister	Minister with portfolio responsibility for a Commonwealth entity
RFDS	Royal Flying Doctor Service
Teleaudiology	Provision of audiological services remotely from the patient
Teleaudiology Follow Up (Tele-FUP)	Support provided remotely in the 2-3 weeks after first hearing aid fitting
Tele-health	Use of telecommunication techniques for the purpose of providing telemedicine, medical education, and health education over a distance
Visiting Site	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.
Voice of the Client	Hearing Australia's initiative to measure client satisfaction
Voucher	Certificate issued by the Department of Health to eligible adults that entitles clients to Government-funded hearing services under the Hearing Services Program (HSP)
VROA	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
WHS	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 2019-20. 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.servicesaustralia.gov.au/organisations/about-us/access-information/freedom-information>

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

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

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

Summary of key staffing statistics

All Ongoing Employees Current Report Period (2019–20)

	Male			Female			Indeterminate			Total
	<i>Full-time</i>			<i>Full-time</i>			<i>Full-time</i>			
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
Total	216	31	247	523	495	1018	0	0	0	1265

All Non-Ongoing Employees Current Report Period (2019-20)

	Male			Female			Indeterminate			Total
	Full-time			Full-time			Full-time			
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
Total	9	2	11	32	28	60	0	0	0	71

All Ongoing Employees Previous Report Period (2018-19)

	Male			Female			Indeterminate			Total
	Full-time			Full-time			Full-time			
NSW	116	13	129	207	169	376	0	0	0	505
QLD	35	4	39	103	76	179	0	0	0	218
SA	4	1	5	22	20	42	0	0	0	47
TAS	7	2	9	14	20	34	0	0	0	43
VIC	31	6	34	132	141	273	0	0	0	307
WA	8	2	10	37	33	70	0	0	0	80
ACT	1	0	1	4	8	12	0	0	0	13
NT	2	1	3	5	7	12	0	0	0	15
External Territories	0	0	0	0	0	0	0	0	0	0
Overseas	0	0	0	0	0	0	0	0	0	0
Total	204	29	230	524	474	998	0	0	0	1228

All Non-Ongoing Employees Previous Report Period (2018-19)

	Male			Female			Indeterminate			Total
	Full-time			Full-time			Full-time			
NSW	6	3	9	19	26	45	0	0	0	54
QLD	0	0	0	0	2	2	0	0	0	2
SA	0	0	0	0	2	2	0	0	0	2
TAS	0	0	0	1	0	1	0	0	0	1
VIC	0	0	0	3	4	7	0	0	0	7
WA	1	0	1	0	5	5	0	0	0	6
ACT	0	0	0	0	0	0	0	0	0	0
NT	0	0	0	0	0	0	0	0	0	0
External Territories	0	0	0	0	0	0	0	0	0	0
Overseas	0	0	0	0	0	0	0	0	0	0
Total	7	3	10	23	39	62	0	0	0	72

Appendix 4 - Information about Executive Remuneration

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						
P L Seaton	Chair	\$55,768	\$0	\$0	Superannuation contributions \$5,298	Long Service Leave \$0	\$0	\$61,066
S D Andersen	Director	\$51,479	\$0	\$0	\$4,891	\$0	\$0	\$56,370
C Crawford	Director	\$43,283	\$0	\$0	\$4,112	\$0	\$0	\$47,395
J E Currie	Director	\$35,086	\$0	\$0	\$3,333	\$0	\$0	\$38,419
K W Keogh	Special Purpose Director	\$43,283	\$0	\$0	\$4,112	\$0	\$0	\$47,395
S J Vaughan	Director	\$43,283	\$0	\$0	\$4,112	\$0	\$0	\$47,395
K C Terrell	Managing Director	\$404,689	\$34,454	\$0	\$52,301	\$35,994	\$0	\$527,438
M K S Brett	Chief Information Officer	\$314,291	\$0	\$31,020	\$49,497	\$12,279	\$0	\$407,087
B Edwards	Director NAL Research	\$363,216	\$42,367	\$18,519	\$37,805	\$7,515	\$0	\$469,422
N J Fitzgerald	Chief Financial Officer	\$341,483	\$39,946	\$0	\$35,294	\$6,125	\$0	\$422,848
G Mavrias	Chief Operating Officer	\$325,489	\$33,221	\$27,638	\$60,204	\$19,508	\$0	\$466,060
R A Priddin	Chief People & Governance Officer	\$244,668	\$0	\$28,248	\$34,950	\$6,734	\$0	\$314,600
L Shaw	Chief Customer Officer	\$159,941	\$19,287	\$0	\$14,108	\$1,642	\$0	\$194,978
Total		\$2,425,957	\$169,276	\$105,425	\$310,015	\$89,797	\$0	\$3,100,471

All Senior Executive Staff are reported as Key Management Personnel, with an increase in Senior Executive Staff due to the establishment of new executive management functions.

Information about remuneration for other highly paid staff

Total remuneration bands	Number of Senior Executives	Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration
		Average Base Salary	Average superannuation contributions	Average long service leave		Average termination benefits			
\$225,001 – \$245,000	2	\$188,433	\$17,278	\$10,045	\$20,452	\$7,406	\$0	Average total remuneration \$243,614	
\$245,001 – \$270,000	5	\$196,683	\$16,824	\$4,018	\$30,776	\$8,286	\$0	\$256,587	
\$270,001 – \$295,000	1	\$226,006	\$24,132	\$0	\$21,471	\$7,785	\$0	\$279,393	
\$295,001 – \$320,000	1	\$206,581	\$24,417	\$28,053	\$41,418	\$7,096	\$0	\$307,565	
\$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* (EPBC Act).

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

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 2019-2020.

Details of the accountable authority during the reporting period – Current Report Period (2019-20)

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
Dr Peta Seaton	BA(Hons)	<p>Principal of Strategic Consulting.</p> <p>Former Deputy Chair of the Bradman Foundation</p> <p>Former Director of CARE Australia</p> <p>Member of the Near Eastern Archaeology Foundation Council</p> <p>Non-Executive Director of the Menzies Research Centre</p> <p>Former NSW Parliamentarian and frontbencher.</p> <p>Former Director of Transition and Director of Strategic Priorities in the NSW Premier's Office</p>	Chair	1 July 2019	30 June 2020	6
Kim Terrell	<p>Bachelor of Arts</p> <p>Master's Degree in Public Policy</p>	<p>Played a key role in establishing three agencies, the Digital Transformation Office (DTO), Australian Sports Anti-doping Authority (ASADA) and CrimTrac</p> <p>Instrumental in creating myGov and driving digital transformation across the Department of Human Services and the Government</p> <p>Experience working with and advising various ministers, Prime Ministers and their offices, to initiate significant improvements across various government programs.</p> <p>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.</p> <p>Recipient of three Australia Day Awards.</p>	Managing Director	1 July 2019	30 June 2020	5

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
Sandra (Sam) Andersen	<p>Certified Practising Accountant</p> <p>Bachelor of Laws</p>	<p>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</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 and 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 and Risk Management Committee for Department of Premier & Cabinet, Victoria.</p> <p>Held senior executive positions with ANZ, Commonwealth Bank and NAB.</p> <p>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>	<p>Non Executive Director, Chair - Audit and Risk Management 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
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>	Non Executive Director	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
Jody Currie	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 Australian Institute of Company Directors.</p> <p>Board of the Brisbane Indigenous Media Association.</p> <p>Formerly a member of the Board of the Queensland Poetry Festival.</p> <p>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>Before joining ATSICHS held senior positions at the Queensland Aboriginal and Islander Health Council, Apunipima Cape York Health Council, Queensland Aboriginal and Torres Strait Islander Human Services Coalition and her most recent position before joining ATSICHS was the Director of Human Services at the Institute for Urban Indigenous Health (IUIH).</p>	Non Executive Director	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
Chris Crawford	<p>Graduate Member of the Australian Institute of Company Directors</p> <p>Master of Business Administration</p> <p>Master of Laws</p> <p>PhD in Government (underway)</p>	<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>	Non Executive Director	1 July 2019	30 June 2020	6
Kim Keogh		<p>Previously a Director of Australian Hearing over the period 2007 to 2013. 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, 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>	Non Executive Director	1 July 2019	30 June 2020	6

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 \$66,500.00 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 on the Hearing Australia website at www.hearing.com.au.

Attendance at Meetings

The Chair of the Hearing Australia Board, the Managing Director, the Chief Financial Officer, the Chief Operating 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 Horwath – 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 attend 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 2019-20.

Member name	Qualifications, knowledge, skills or experience (include formal and informal as relevant)	Number of meetings attended / total number of meetings	Total annual remuneration
Sandra (Sam) Andersen - Chair	Bachelor of Laws, Certified Practising Accountant, Fellow of Financial Services Institute of Australasia, Fellow of Australian Institute of Company Directors	6/6	\$56,119 (total remuneration as a Director on the Board)
Chris Crawford	Bachelor of Arts (Hons), Bachelor of Law, Master of Law, Master of Business Administration, Graduate of Australian Institute of Company Directors	6/6	\$47,184 (including remuneration as a Director on the Board)
Kim Keogh (Special Purpose Director)	Government relations/ public affairs advisor, former local government councillor, Member of Australian Institute of Company Directors	5/6	\$47,184 (including remuneration as a Special Purpose Director on the Board)
Eliza Penny (Special Purpose member of the Audit and Risk Committee)	Bachelor of Commerce, Partner at PWC	6/6	\$19,124
Sarah Vaughan	Graduate Diploma of Communication & Management, Master of Information Technology, Information Systems Management	6/6	\$47,184 (including remuneration as a Director on the Board)

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, allowance and entitlements.

Table: Attendance of members at remuneration committee meetings

Director	Number of Remuneration meetings attended/number held
Jody Currie (Chair)	3/3
Kim Keogh	3/3
Kim Terrell	3/3
Peta Seaton	3/3

Appendix 10 – Human Research Ethics Committee

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 once formally during 2019-20 and also reviews submissions throughout the year.

Attendance at Hearing Australia Human Research Ethics Committee Meetings

Name	Meetings attended/Meetings Held
Dr John Quilter (Chairman)	1
Prof. Catherine McMahon	1
Dr John Mack	0 (apology submitted)
Alison King	1
Dr Ms Teresa Ching	1
Mr Richard Brading	1
Prof. Di Yesbury	1
Rev. Philip Bradford	1

Appendix 11 – Research and Innovation Committee

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)	5/5
Jody Currie	5/5
Claire Kimball	5/5
Peta Seaton	5/5
Kim Terrell	5/5
Sarah Vaughan	5/5

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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