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Annual Report  
2013/14

# CONTENTS

<b>1</b>	<b>Report on operations</b>	<b>4</b>
	Financial Summary	6
	Message from the Chair	8
	Message from the Managing Director	10
<b>2</b>	<b>National Acoustic Laboratories</b>	<b>12</b>
<b>3</b>	<b>Caring for our clients</b>	<b>14</b>
<b>3</b>	<b>Our people</b>	<b>18</b>
<b>4</b>	<b>Management</b>	<b>22</b>
	Governance Arrangements	23
	Our Corporate Governance	24
	Board of Directors	31
	Executive Management	34
<b>5</b>	<b>Financial statements</b>	<b>36</b>
	Appendices	70
	Glossary	72
	Compliance Index	73
	Customer access	74
	Australian Hearing Centres	75



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## Letter to the Minister

Senator the Hon Marise Payne  
Minister for Human Services  
Parliament House  
Canberra ACT 2600

Dear Minister

I have pleasure in presenting Australian Hearing's Annual Report for the year ended 30 June 2014. The report has been prepared in accordance with the requirements of the *Commonwealth Authorities and Companies Act 1997* (CAC Act) and relevant Finance Minister's orders.

This Annual Report complies with the planning and reporting requirements prescribed by the *CAC Act*. Australian Hearing's Directors are responsible under section 9 of the *CAC Act* for the preparation and content of the report in accordance with the Commonwealth Authorities (Annual Reporting) Orders 2011 (Finance Minister's Orders).

The report outlines the achievements and milestones for Australian Hearing during 2013/14 and was made in accordance with a resolution of Directors on 26 September 2014.

Yours sincerely

A handwritten signature in blue ink, appearing to be "Rae Cooper".

**Associate Professor Rae Cooper**  
Chair

26 September 2014

# PART ONE

## Report on Operations



**Our financial performance for the financial year 2013/14 was first class compared to budget and previous year. Our revenue was in excess of \$212 million, and our Net Profit Before Tax was in excess of \$12 million.**

This is an exceptional result, achieved due to initiatives such as structural changes made to Executive Management, corporate reorganisation, positive benefit from the hearing aid tender, and the introduction of the OHS on-line portal. Our Earnings before interest, tax, depreciation and amortisation (EBITDA) percentage was 8.8%, and our Return on Assets was a healthy 7.7%. By any standards this is a competitive result.

We finished the financial year, and commenced the new financial year with a strong focus on client retention and new voucher capture. Recent research commissioned by Australian Hearing, has confirmed that clients want “understanding”, “trust”, and “reassurance”. We believe that we are best equipped in our market to deliver these needs to our clients.

We plan to complete the stakeholder, market, and brand research program by September 2014 to better inform our dealings with our staff, external stakeholders, and our clients and their families.

We placed orders for five more hearing service buses to complement our mobile program of taking our services to our clients, and we expect improved client acquisition once they are on the road (second quarter 2014/15).

This has been a year of intense activity, management and culture change, including a change of Government, it has also been a year of great success and growth. We are well placed to continue this growth in the new financial year.

Following a recommendation by the National Commission of Audit, the Department of Finance was funded in the 2014/15 Budget to undertake a scoping study into future ownership options for Australian Hearing. The scoping study is being conducted in the first half of the new financial year. No decision has been made by Government on the future ownership of Australian Hearing. Whilst we look forward to working with the relevant parties involved in the scoping study, our focus has to be firmly fixed on ‘business as usual’ as we finish the year strongly and look forward to maintaining the momentum into financial year 2014/15.

# Financial summary

Australian Hearing is accountable to the Minister for Human Services.

Our organisation is managed by a Board of Directors appointed by the Minister for Human Services and is subject to the requirements of the *Commonwealth Authorities and Companies Act 1997*. Annual financial statements for financial year 2013/14 are subject to audit by the Auditor-General and are provided to the Minister.

## Revenue performance

We achieved total revenue of \$212 million, which was 4.3% more than last year.

GRAPH ONE: REVENUE 2010-2014 (\$ MILLIONS)



## Profit before tax

We achieved a profit before tax of \$12.5 million.

GRAPH TWO: PROFIT BEFORE TAX 2010-2014 (\$ MILLIONS)



## Key business indicators

Our earnings before interest, tax, depreciation and amortisation (EBITDA) for the year were \$18.8 million. This was 57% more than the previous year.

GRAPH THREE: EBITDA 2010-2014 (\$ MILLIONS)



An EBITDA percentage of 8.8% was achieved this year.

GRAPH FOUR: EBITDA 2010-2014 (%)



Capital expenditure for the year was \$7 million as we continued our investment in information technology to support efficiencies in the business. Return on total assets increased during the year. This was a result of our higher profit.

## Risk management and audit

During the year we worked with our internal auditors to improve our risk management framework. We also reviewed our strategic risk assessment to ensure that our risk profile was aligned with our strategy and the changing business environment.

A rigorous audit program consisting of internal and external audits was undertaken. Internal audits were conducted at eight hearing centres. A number of operational audits were also undertaken, including Disaster Recovery Review, Budget Management, Data Analytics on Accounts Payable, IT Security Perimeter and the Government Mandated Security Infrastructure Program (PSPF).

The Australian National Audit Office (ANAO) also undertook the following audit:

- ANAO Audit Report No 13 2013/14 Audits of the Financial Statements of Australian Entities for the period 30 June 2013.
- ANAO Audit report No 32 2013/14 Delivery of Hearing Services Obligation.

## Reporting and analysis

In addition to reports to our Board of Directors, we provided quarterly reporting against our Corporate Plan to the Minister for Human Services. The reports contained key performance and financial indicators, as well as performance against strategic goals.

We also provided the Office of Hearing Services (OHS) with quarterly reports on our compliance with the Memorandum of Agreement to deliver the Community Service Obligations.

# MESSAGE FROM THE CHAIR



It's an incredible privilege to be writing my third annual message as Chair of the Board of Directors of Australian Hearing. For the past 67 years, we've been working with hearing impaired people and their families to improve their quality of life and increase engagement with family, colleagues, and communities.

During the past year, I have had the opportunity to witness first-hand the enormous difference Australian Hearing makes in the lives of our clients from our busiest CBD centres to the most remote communities in the country. Every one of these experiences has made me proud to work with the people of Australian Hearing.

First, I would like to acknowledge the contribution of our non-Executive Directors – Mrs Swati Dave, Mrs Glenise Coulthard, Mrs Sam Andersen and The Hon Michael Knight AO – during the past year. I know well the passion and interest my Board colleagues have for our work with and for Australian people and communities. Working with my fellow Directors has been enormously rewarding throughout the year.

Second, I would like to recognise the work of our newly appointed Managing Director, Mr Bill Davidson. Since his appointment nine months ago, Bill has played a pivotal role in helping Australian Hearing adapt, evolve and innovate with a focus on improved outcomes for our clients. In the past financial year, Bill has led a management team, from Executive Managers to our local Centre Managers, to help improve the hearing of more than 30,026 young Australians and 2,754 young adults. I thank Bill and his management team for their work and collegiality.

Third, I would like to acknowledge our staff who work in our local Australian Hearing centres, in our buses, in the premises of our community partners and our national support office. Your enthusiasm for your work and your care for our clients is obvious and it is infectious. Thanks for contributing to our successes throughout the year.

Fourth, I would like to highlight our key successes over the last financial year.

We officially launched our Reconciliation Action Plan (RAP), which is being used as a roadmap to build stronger relationships, raise cultural competence and open up more employment opportunities for Aboriginal and Torres Strait Islander people in Australian Hearing. This is core business for me and for the Board. In just a few short months since we launched our RAP, we have already achieved significant milestones in our employment targets. We have also developed a series of protocols to assist when, why and how Aboriginal and Torres Strait Islander practices and celebrations can be implemented in Australian Hearing, and a Strategies Committee to drive our RAP.

Our remote outreach programs for Aboriginal and Torres Strait Islander people continues to grow in leaps and bounds.

Building on the great work from last year, our highly-skilled audiologists travelled to urban, rural and remote parts of Australia to help improve the hearing of more than 5,769 Aboriginal and Torres Strait Islander people. I had the pleasure of visiting a number of communities, including in the Torres Strait and have seen how our staff work hand in hand with community organisations and health providers to deliver the best outcomes.

We reached a major milestone in the Longitudinal Outcomes of Children with Hearing Impairment (LOCHI) study, which aims to better understand the impacts of hearing loss on children. Conducted by the National Acoustic Laboratories, the results of this study at five years show that the efforts that our Government is putting into newborn screening are paying dividends. The study found that children who received early intervention as a consequence of their hearing loss being discovered at birth have better language abilities at age five, on average, than those whose hearing loss was discovered later than this. Through this unique and internationally-recognised study, we'll be able to help young Australians improve their hearing health.

Lastly, I would like to end on a note about Australian Hearing's services moving forward.

As a team, we are working on many exciting initiatives which will help us continually improve our services, develop stronger relationships with stakeholders, build a caring and highly-skilled workforce and, ultimately, make a positive impact on the lives of many Australians with a hearing loss.

I look forward to working with our team in the year ahead with great excitement.



Associate Professor Rae Cooper - Chair

“

Our remote outreach programs for Aboriginal and Torres Strait Islander people continues to grow in leaps and bounds.

”

## MESSAGE FROM THE MANAGING DIRECTOR



Can you believe it's only been nine months since I started at Australian Hearing?

I came on board at a time of great change. We were welcoming a new Government, a new Minister for Human Services and our business was operating, like so many others, in an increasingly competitive arena. In the midst of these changes, Australian Hearing continues to deliver world-class hearing services and research, and I look forward to building on this legacy with a greater focus on innovation, culture and collaboration.

We have achieved a lot in the past financial year.

We worked closely with senior managers and staff to simplify what Australian Hearing stands for and what we do. The results? We refined our vision, mission and values into two simple messages which go to the heart of our organisation: Our Essence is Caring. Our Purpose is Positive Impact. I've seen first hand how our staff bring the essence and purpose of Australian Hearing to life every day in all their interactions, whether it's with clients and their families, other staff members, government or suppliers.

We restructured the Executive Team and their areas of responsibility to better align with Australian Hearing's client centred operations. One big driver for this change is to place a bigger emphasis on our culture. While Australian Hearing is composed of 127 hearing centres – all of which operate under a different manager, team and local focus – we want to be driven by a collaborative culture wrapped around our organisation.

We embarked on extensive research to help Australian Hearing build a sustainable business. Through this research, we will be able to provide better services for our clients at every step of their

hearing journey, forge deeper partnerships with communities and health providers, and leverage technology and future trends.

We launched many cutting-edge initiatives – some of which are a first from the hearing health industry – such as our Essence and Purpose short documentary films and Loud House marketing campaign.

I would like to thank the entire Australian Hearing team for their tremendous work, from the Board of Directors and senior managers to the 1,176 staff who are the face of our wonderful organisation.

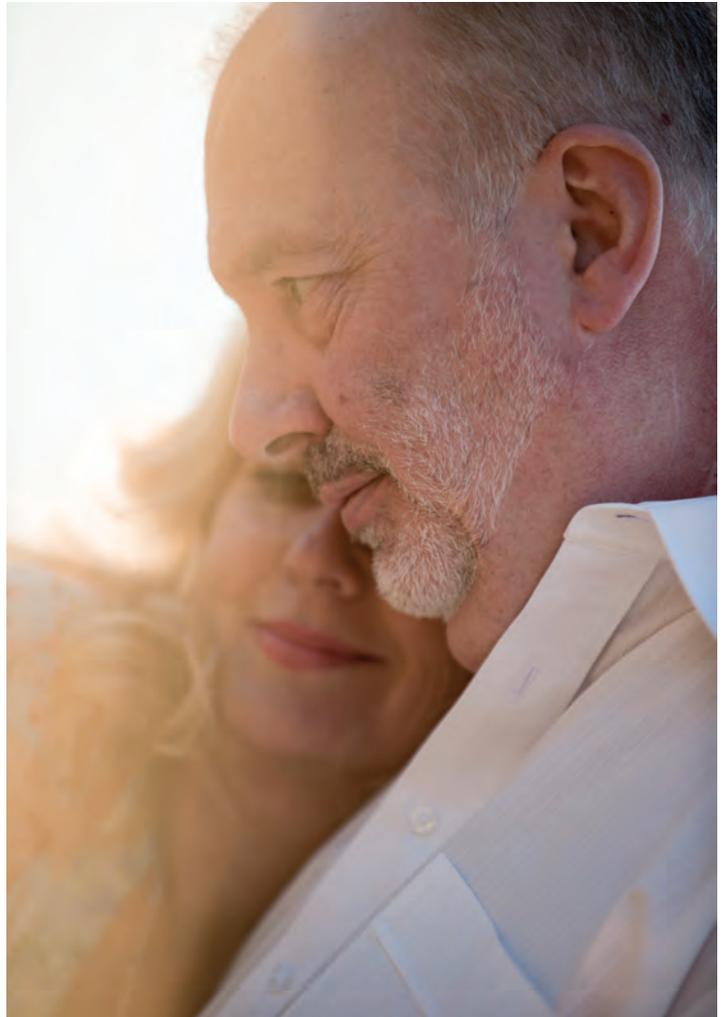
I'm so proud of all our accomplishments and eagerly anticipate facing our future challenges head on, and building on this year's great successes.

A handwritten signature in black ink, which appears to read 'Bill Davidson'. The signature is stylized and includes a horizontal line at the end.

Bill Davidson – Managing Director



CARING + POSITIVE IMPACT



# PART TWO

## National Acoustic Laboratories

### Overview

National Acoustic Laboratories (NAL) is a world leader in hearing loss assessment, prevention and rehabilitation. With the benefit of wide collaboration, the knowledge gained and solutions developed are disseminated internationally.

#### Central auditory processing disorder (CAPD)

As CAPD services are now provided in Australian Hearing clinics, NAL analysed the results of the 700 children tested up until December 2013. Of those, 130 were diagnosed with spatial processing disorder (SPD) using the Listening in Spatialized Noise – Sentences test (LiSN-S) developed by NAL. LiSN & Learn remediation software was used by 69 of these children, also developed at NAL and featured on the ABC science program Catalyst.

#### Online NOISE database

Loud nightclubs have Australian researchers worried about the potential damage loud music is doing to the hearing of young people. To find out whether it is a valid concern, NAL researchers have been measuring loudness at nightclubs and some other of Australia's noisier recreational activities. The results have been uploaded to a new website, the NOISE database, allowing data to be shared with other researchers, policy makers and people interested in knowing more about the hearing health risks of recreational noise. The NOISE database website address is: [noisedb.nal.gov.au](http://noisedb.nal.gov.au)

#### Self-fitting hearing aids

NAL and the HEARing Co-operative Research Centre (CRC) are collaborating with researchers from universities in South Africa and Hong Kong to investigate how well people in developing countries, particularly those with low literacy and health-literacy levels, can self-manage the fitting process that is a pre-requisite for a successful outcome with

a self-fitting hearing aid. As part of this research, a novel method for predicting the presence of conductive hearing loss, which is a contraindication to hearing aid usage, was developed and found to produce reliable and valid estimations. The test can be done via the hearing aid and does not require special equipment.

This method is currently being incorporated into a hearing screening application of a smartphone (Android OS), developed at the University of Pretoria in South Africa. The final application has the potential for streamlining the referral pathway and improving allocation of limited specialist resources in underserved communities.

#### Generating and evaluating more realistic listening situations for laboratory testing

In collaboration with the HEARing CRC at Macquarie University, a number of novel tests to measure speech comprehension and spatial awareness in a reverberant cafeteria environment have been developed and evaluated in NAL's 3D loudspeaker array. The tests, which are designed to tap into cognitive processes utilised when listening to and localising sounds in real life, are judged to be more engaging and challenging by participants while still being controlled enough to be useful for psychophysical experiments and clinical evaluations. The work has been presented at several conferences nationally and overseas, is the focus of an international working group led by one of NAL's senior researchers, and has in the past year attracted two international grants.

## Binaural beamformer

Listening in noisy environments remains one of the biggest challenges for people with hearing problems. In collaboration with the HEARing CRC, NAL has previously developed a binaural signal processing algorithm (beamformer) which significantly improved this ability. During the past year, the beamformer was incorporated into a set of ear muffs allowing users to experience optimum protection of their hearing while being able to communicate effectively with co-workers. Studies are now taking place for the potential inclusion of the feature into hearing aid manufacturers' commercial products.

## Child outcomes study

The Longitudinal Outcomes of Children with Hearing Impairment (LOCHI) study, performed by NAL and its collaborators within the HEARing CRC, has provided world-first evidence for the benefits of early intervention resulting from universal newborn hearing screening. While the LOCHI study has shown that children who received early fitting of hearing aids or cochlear implantation, combined with early educational intervention, have achieved good language outcomes at five years of age; it has also revealed that many children displayed weaknesses in pre-reading skills. Of those who have now completed their evaluations at nine years of age, many continued to exhibit deficits. These results suggest that additional intervention targeting specific skills is needed. NAL has commenced research into strategies for providing early support for the development of pre-reading skills with a new cohort using a tablet-based application.

## Objective detection of auditory processing deficits

NAL research investigated how the auditory system copes with rapidly presented sounds, similar to how speech sounds are composed, using brainwave recordings from the scalp. The results add to the basic knowledge of the auditory system and open the door for applications like earlier detection of speech and language impairment, temporal processing issues and dyslexia without having to rely on a behavioural test. A related project investigated whether spatial processing disorder (SPD), which reduces a child's ability to understand speech in noise, can be detected through brainwave recordings. Such a method would enable remediation to be carried out before the disorder causes children to fall behind at school.

## Evaluating infants objectively

The HEARLab aided cortical assessment device (ACA), which assesses infants fitted with hearing aids by measuring their brain-wave activity in response to speech sounds, was finally granted FDA approval for distribution in the USA. HEARLab was designed by NAL and is now in use in several countries. A second module, an automatic auditory evoked brain stem response (ABR) audiometer, has been developed and is undergoing clinical performance evaluation.

Investigations, in conjunction with overseas collaborators, were carried out to determine whether HEARLab can be used with cochlear implants. As children are getting implanted earlier in life – which is important for their language development as shown by the LOCHI study – an appropriate adjustment of the implant is essential even when these children are too young to be able to provide reliable behavioural feedback.

For further details on NAL publications go to:  
[www.nal.gov.au](http://www.nal.gov.au)



# PART THREE

## Caring for our clients



Australian Hearing is committed to access and equity, quality clinical care and excellence in customer service. Last year we provided 446,870 hearing health services to customers.

Australian Hearing clients are funded through two sources; the Community Service Obligations program and the Voucher program.

Our clients include pension concession card holders, recipients of sickness allowance from Centrelink, holders of a Department of Veterans' Affairs Gold and White card (specifying hearing loss), children and young adults under the age of 26 years, adults with complex hearing needs and Aboriginal and Torres Strait Islanders aged over 50 years.

### The Community Service Obligations program

We receive fixed funding annually to deliver services designated as Community Service Obligations under a Memorandum of Agreement with the Office of Hearing Services (OHS). Community Service Obligations funding represented 30% of our total revenue.

The Memorandum of Agreement with the OHS emphasises the importance of access and quality services for our Community Service Obligations clients.

### Services to Aboriginal and Torres Strait Islanders

While many Aboriginal and Torres Strait Islanders chose to receive hearing services at our hearing centres and visiting sites, a far higher proportion accessed our services through their local health service. We worked closely with these local services to deliver our outreach program which provided hearing services to some of the most remote communities in Australia. There are now 95 Australian Hearing Audiologists covering 217 sites involved in the outreach program.

### Services to Aboriginal and Torres Strait Islander children

During the year we saw a total of 5,371 Aboriginal and Torres Strait Islander children and young adults aged under 26. This represents 16% of the total number of children and young adults who received services during the year.

### Adults with complex hearing rehabilitation needs

During the year we provided 46,570 services to 20,071 adults with complex hearing needs.

NUMBER OF OUTREACH SITES VISITED  
2009/10 TO 2013/14

FINANCIAL YEAR	NUMBER OF SITES VISITED
2009/10	231
2010/11	229
2011/12	215
2012/13	224
2013/14	217

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

This financial year we provided 64,222 services to 30,016 young Australians under the age of 21. We also provided services to 2,753 young adults aged between 21 and 26.

During the year we assisted 18,900 children and young adults who use hearing aids or cochlear implants. This represents a 6% increase on the previous year.

During the year we also provided 4,743 Frequency Modulation (FM) systems to children and young adults. FM systems are used in addition to hearing aids and cochlear implants to overcome the adverse effects of distance, background noise and reverberation.

In 2013/14 Australian Hearing convened the Paediatric Program Advisory Committee (PPAC). Induction occurred in September 2013, with meetings held in December 2013, April and July 2014. The PPAC has developed a communication plan to assist in gaining feedback from clients, and has provided input about the needs of parents and young clients to help with the redevelopment of the Australian Hearing publication "Choices" and the Australian Hearing Website

We also funded 485 speech processors through our cochlear implant upgrade program. Demand for speech processor upgrades is expected to continue to grow with an increase in the number of children receiving bilateral cochlear implants.

## The Voucher program

During the year we provided 309,279 services to clients under the Voucher program.

The Hearing Services Online (HSO) portal was launched by OHS in February 2014 and significantly transformed the way in which services were delivered to Voucher clients and hearing service providers by moving away from a paper based system to an on-line system. Benefits of the HSO include improved customer service and appointment timeframes with faster access for all voucher clients.

Australian Hearing continues to grow its sites to service both CSO and Voucher clients at convenient, easy to access locations. At 30 June 2014 Australian Hearing has 127 permanent sites which has been a growth of 9% compared to last year.

In addition Australian Hearing offers further services with 368 visiting sites throughout Australia, a growth of 4% against last year.



# PART FOUR

## Our people



Australian Hearing has maintained a strong focus on its people recognising that they are the cornerstone of our success. While this aspect of our corporate strategy has not changed from previous years, the way in which we are delivering this strategic imperative has substantially changed. Our people focus now rests on three key pillars.

### Making our people processes 'simple & easy':

Every day, our leaders complete a number of people related actions such as recruiting a person to fill a vacant position, coaching a team member to assist their development or completing a performance review. We are working on making these processes as simple and easy as possible for a very important reason: executing the little things right each day, when added together across an entire organisation, has a substantial positive impact.

### Creating the best working environment for our people:

To create a sustainable competitive advantage, we need to create an environment in which our people love coming to work and do their best work each and every day. Bearing this in mind, our approach to employee engagement now has a more structured and continual focus, which is delivering superior outcomes.

In our November 2013 employee engagement survey (conducted independently by Aon Hewitt):

- Our overall engagement scores increased from 55% to 69%.
- Australian Hearing was ranked in the top quarter of employers in Australia & New Zealand.

#### STAFFING PROFILE AND PERFORMANCE INDICATORS

	2009/10	2010/11	2011/12	2012/13	2013/14
Employees at 30 June (headcount)	1,120	1,168	1,193	1,141	<b>1,176</b>
Voluntary staff turnover	12.5%	13.3%	11.6%	11.5%	<b>9.6%</b>
Ratio of clinical to non-clinical staff	1:1.6	1:1.6	1:1.4	1:1.6	<b>1:1.6</b>
Unplanned leave (days/FTE)	4.3	7.2	6.7	6.5	<b>6.1</b>
Percentage of women	79.7%	79.8%	81%	80%	<b>81.6%</b>
Percentage of women in senior management roles	56%	62.1%	65%	66%	<b>67%</b>
Employees using the Employee Assistance Program	49	44	43	62	<b>50</b>
Learning and development expenditure as a percentage of total salary expenditure	0.7%	2.1%	2.6%	2.5%	<b>2.5%</b>
Number of Health and Safety Committee members who are employee representatives	13	14	23	20	<b>15</b>
Aboriginal and Torres Strait Islander employees as a percentage of total employees	0.8%	0.7%	0.6%	1.5%	<b>1.9%</b>

## Purpose

Australian Hearing is fortunate in that we have always enjoyed having a deeply committed and caring workforce whose primary focus has been their clients. Our new Essence & Purpose aims to build on this success by refining our culture in a small but significant way:

- We want to empower our people and give them the flexibility & autonomy they need to make their Centre a vibrant member of their local community.
- With increased autonomy, we want to maintain a coherent organisation in which every team members' and Centre's actions reflect favourably on Australian Hearing as a whole. To achieve this, our Essence & Purpose provides our people with two golden rules: whatever you are doing, do it in a way that has a positive impact and that shows that you care.

Creating the conditions in which our people can do their best work within a positive and caring environment has favourably impacted our key business and people metrics. Over the course of the 2013/14 financial year, personal/carer's leave remained relatively low at 6.1 days per FTE as did our voluntary turnover rate at 9.6%.

Clearly, we are getting the people equation right at Australian Hearing to the mutual benefit of our employees and our organisation. Over the long term, this will translate to even superior outcomes for our customers and broader stakeholders.

## Our people's safety

We are committed to providing a safe environment for our employees, clients and visitors. Our Work Health and Safety management system describes how we will fulfil this duty of care and the actions we take to create a healthy and safe working environment. This year we achieved certification for our management system against the Australia and New Zealand Standard AS/NZS 4801 for Occupational Health and Safety Systems.

## Comcare

Australian Hearing's worker's compensation premiums continued to be lower than the average for Commonwealth agencies. Improved case management capabilities in the organisation has been assisting us to safeguard our employees' safety, which, in turn, minimises our current worker's compensation premium costs.

Australian Hearing was not issued with any Prohibition, Non Disturbance or Provisional Improvement notices during the year. No notifiable or dangerous incidents were reported to Comcare under the Work Health and Safety legislation.

### SECTION 68 NOTIFIABLE INCIDENTS AND DANGEROUS OCCURRENCES

Description	Number
Notifiable deaths	0
Notifiable serious injury or illness	0
Notifiable dangerous incidents	0

### WORK HEALTH AND SAFETY INDICATORS 2009/10 TO 2013/14

Indicator	2009/10	2010/11	2011/12	2012/13	2013/14*
Comcare workers compensation premium rate for Australian Hearing (percentage of payroll as at April 2014)	0.83%	0.87%	1.19%	1.02%	1.88%
Comcare premium rates for all agencies combined (percentage of payroll as at April 2014)	1.20%	1.41%	1.77%	1.81%	2.12%
Total weeks lost from work related injury/illness	92.7	36.1	14.9	30.2	73.0
Average weeks for return to work activity to commence following work related injury/illness	2.6	3.1	11.6	8.9	16.6

\*Estimated from Comcare as at 30 June 2014



“

Creating the conditions in which our people can do their best work within a positive and caring environment has favourably impacted our key business and people metrics.

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Australian Hearing was ranked in the top quarter of employers in Australia & New Zealand.

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Source: November 2013 Aon Hewitt employee engagement survey.

# PART FIVE

## Management



# Governance Arrangements

Australian Hearing reports to the Minister for Human Services.

## Minister

Senator the Hon Jan McLucas was appointed as the Minister for Human Services on 25 March 2013 with Senator the Hon Marise Payne appointed on 18 September 2013.

The Minister for Human Services is responsible for administering the following legislation:

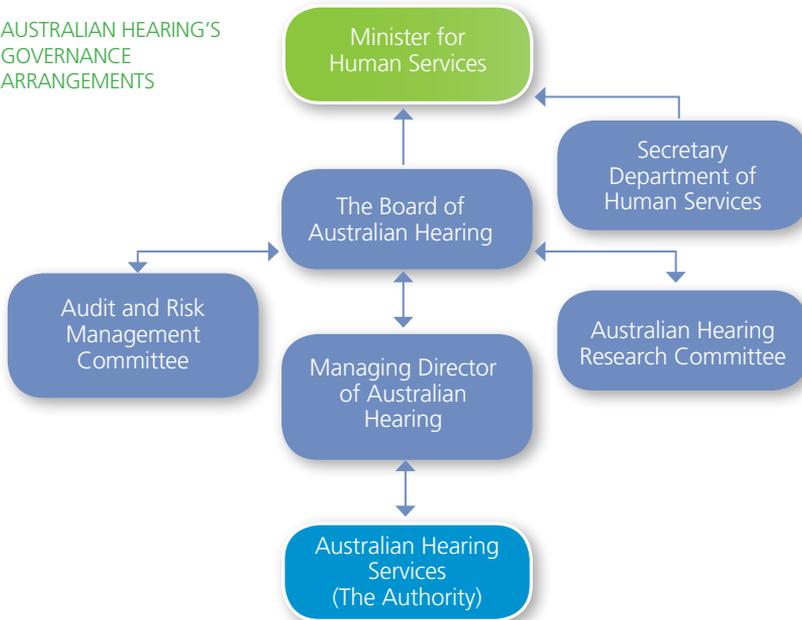
- *Australian Hearing Services Act 1991, except to the extent that it is administered by the Minister for Health.*
- *Human Services (Centrelink) Act 1997.*
- *Human Services (Medicare) Act 1973.*

## Department of Human Services

The Department of Human Services provides policy advice on service delivery matters to government to ensure innovative, efficient and effective implementation of government service delivery. The department delivers a range of government and other payments and services to Australians, including through its three main programmes, Centrelink, Medicare and Child Support.

The Department works closely with Australian Hearing, providing strategic advice to the Minister and Secretary on service delivery policy and regulatory requirements for services delivered under the Australian Government Hearing Services Program.

### AUSTRALIAN HEARING'S GOVERNANCE ARRANGEMENTS



# Our corporate governance

The Australian Hearing Board is committed to achieving good corporate governance as an essential component of good business practice and culture.

The Board is committed to implementing appropriate governance structures and mechanisms to ensure discipline, integrity, transparency, fairness and accountability in all its operations and actions.

As an Australian Government agency we operate under the *Australian Hearing Services Act 1991* (AHS Act) and the *Commonwealth Authorities and Companies Act 1997* (CAC Act relevant to 30 June 2014 and then *Public Governance, Performance and Accountability 2013 Act* (PGPA) going forward). The duties of the Managing Director are, as provided for under section 42 of the AHS Act, under the Board, to manage the authority.

We are accountable to the Minister for Human Services. The Board is responsible for the development of corporate and financial plans. Both plans are submitted to the Minister for Human Services. Annual financial statements are subject to audit by the Auditor General.

The Board generally comprises up to five Non-Executive Directors (including the Chair) and the Managing Director. Directors, having qualifications relevant to or special experience or interest in a field relevant to Australian Hearing, are appointed by the Minister. For the period from 29 November 2012 to the 28 November 2013 the Board included a special purpose Director appointed by the Minister.

The Board remains committed to the highest standards of corporate governance and is guided by the Principles of Good Corporate Governance and Best Practice Recommendations issued by the ASX Group Corporate Governance Council. The Board meets on a regular basis. The table below lists the number of meetings attended by each Board member during the financial year.

BOARD ATTENDANCE AT BOARD MEETINGS

BOARD OF DIRECTORS		MEETINGS ATTENDED	MEETINGS ELIGIBLE TO BE ATTENDED
Associate Professor Rae Cooper	Chair	7	7
The Hon Michael Knight AO	Director	6	7
Mr Kim Keogh	Director retired 29 August 2013	2	2
Associate Professor Kelvin Kong	Director retired 29 August 2013	2	2
Mrs Swati Dave	Director	6	7
Ms Kathryn Campbell	Special Purpose Director appointed 29 November 2012 to 28 November 2013	3	3
Mrs Glenise Coulthard	Director appointed 30 August 2013	4	5
Mrs Sam Andersen	Director appointed 30 August 2013	5	5
Mr Steven Grundy	Managing Director retired 23 October 2013	2	2
Mr Bill Davidson	Managing Director appointed 24 October 2013	5	5

		CIRCULARS DISTRIBUTED	CIRCULARS ELIGIBLE TO BE RECEIVED
Associate Professor Rae Cooper	Chair	10	10
The Hon Michael Knight AO	Director	10	10
Mr Kim Keogh	Director retired 29 August 2013	1	1
Associate Professor Kelvin Kong	Director retired 29 August 2013	1	1
Mrs Swati Dave	Director	10	10
Ms Kathryn Campbell	Director appointed 29 November 2012 to 28 November 2013	3	3
Mrs Glenise Coulthard	Director appointed 30 August 2013	9	9
Mrs Sam Andersen	Director appointed 30 August 2013	9	9
Mr Steven Grundy	Managing Director retired 23 October 2013	2	2
Mr Bill Davidson	Managing Director appointed 24 October 2013	8	8

## Directors' induction

New Directors are provided with a formal induction program before taking up their appointment. This normally includes a presentation from the Executive team. This provides newly appointed Directors with an understanding of their roles and responsibilities and exposes them to key features of the business, including operations, policies and strategies. Additional supplements are tailored to meet particular needs or interests. Ongoing Director education is provided by way of site visits and presentations on matters of current interest at Board meetings.

## Directors' confidentiality agreements

Privacy and confidentiality are important to Australian Hearing. All Australian Hearing employees, including Directors, are required to sign a confidentiality agreement on commencement with Australian Hearing. These agreements state the obligation of employees on non-disclosure and use of confidential information.

## Indemnity and insurance of Officers

During the year, we paid a premium of ex GST \$17,500 to insure the Directors and Officers of Australian Hearing. 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 Australian Hearing.

## Board questionnaire

A Board performance appraisal is undertaken on an annual basis, focusing on Board and other committee effectiveness. This is conducted through a formal board questionnaire which is completed on a confidential basis by each Director. The most recent review was completed in August 2014.

## Board performance assessment

Assessment of Board performance is conducted against the agreed elements of the role of the Board. These are detailed below:

## The role of the Board

### (A) THE FUNCTIONS OF THE BOARD ARE:

- (i) to decide the objectives, strategies and policies to be followed by Australian Hearing in accordance with section 14(1) (a) of the AHS Act.
- (ii) to ensure that Australian Hearing performs its functions in a proper, efficient and economical manner in accordance with section 14(1)(b) of the AHS Act.
- (iii) to act in accordance with any duties imposed by the CAC Act on Officers, including the obligations provided for in Division 4 of the CAC Act dealing with the conduct of Officers.

### (B) SPECIFICALLY, THE BOARD WILL:

- (i) ensure that Australian Hearing complies with Commonwealth reporting requirements.
- (ii) provide guidance to senior management.
- (iii) ensure the long term viability and financial position of Australian Hearing.
- (iv) agree on key performance indicators (KPIs) for the measurement of Australian Hearing's performance.
- (v) ensure an appropriate corporate governance structure is in place.
- (vi) assess the performance of Australian Hearing, our management and the Board itself.
- (vii) monitor developments within Australian Hearing's operating environment.
- (viii) approve annual accounts, the annual report and other public documents and sensitive reports.

### (C) THE BOARD WILL USE ITS BEST ENDEAVOURS TO:

- (i) ensure that overall corporate strategies, significant policies and the financial plans are approved and reviewed.
- (ii) ensure that adequate risk management processes and internal controls exist and are being adhered to.
- (iii) ensure legal and regulatory compliance is achieved.

## Certification

The Managing Director, Business Services Director and Chief Operating Officer and Company Secretary provide written certification regarding the integrity of the controls and activities of the organisation, including assurances as to its financial condition. 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.

## Company Secretary

The Company Secretary is Mr Stephen Patterson B Com, FCPA, ACIS. Mr Patterson was appointed Company Secretary in March 2004.

## 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 responsibilities as a Director.

## Audit and Risk Management Committee

The functions of the Audit and Risk Management Committee are outlined in its charter as at 30 June 2014 and are detailed below.

### (A) RISK MANAGEMENT

- (i) review whether Australian Hearing's management has in place a current and comprehensive risk management framework and associated procedures for effective identification and management of Australian Hearing's financial and business risks, including fraud.
- (ii) review whether a sound and effective approach has been followed by Australian Hearing in developing strategic risk management plans for major projects or undertakings.
- (iii) review the impact of Australian Hearing's risk management framework on our control environment and insurance arrangements.
- (iv) review whether a sound and effective approach has been followed in establishing Australian Hearing's business continuity planning arrangements, including whether disaster recovery plans have been tested periodically.
- (v) review Australian Hearing's fraud control plan and satisfy itself that we have appropriate processes and systems in place to capture and effectively investigate fraud related information.

### (B) CONTROL FRAMEWORK

- (i) review whether Australian Hearing's management's approach to maintaining an effective internal control framework, including over external parties such as contractors and advisors, is sound and effective.
- (ii) review whether Australian Hearing's management has in place relevant policies and procedures, and that these are periodically reviewed and updated.
- (iii) determine whether the appropriate processes are in place to assess, at least once a year, whether policies and procedures are complied with.
- (iv) review whether appropriate policies and procedures are in place for the management and exercise of delegations.
- (v) consider how Australian Hearing's management identifies any required changes to the design or implementation of internal controls.
- (vi) review whether Australian Hearing's management has taken steps to promote a culture which is committed to ethical and lawful behaviour.

		MEETINGS ATTENDED	MEETINGS ELIGIBLE TO BE ATTENDED
Mrs Swati Dave	Chair	5	5
Associate Professor Rae Cooper	Director retired 13 December 2013	2	2
The Hon Michael Knight AO	Director	4	5
Ms Michelle Chiang	Member appointed 27 March 2013	4	5
Mrs Sam Andersen	Director appointed 13 December 2013	3	3

**(C) EXTERNAL ACCOUNTABILITY**

- (i) 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 the signing of the financial statements by the Chair of the Board.
- (ii) satisfy itself that the financial statements are supported by appropriate management sign-off on the statements and on the adequacy of the systems of internal controls.
- (iii) review the processes in place designed to ensure that financial information included in Australian Hearing's annual report is consistent with the signed financial statements.
- (iv) satisfy itself that Australian Hearing has appropriate mechanisms in place to review and implement, where appropriate, relevant Parliamentary Committee reports and recommendations.
- (v) satisfy itself that Australian Hearing has a performance management framework that is linked to organisational objectives and outcomes.

**(D) LEGISLATIVE COMPLIANCE**

- (i) determine whether Australian Hearing's management has appropriately considered legal and compliance risks as part of Australian Hearing's risk assessment and management arrangements.
- (ii) review the effectiveness of the system for monitoring Australian Hearing's compliance with relevant laws, regulations and associated government policies.

**(E) INTERNAL AUDITING**

- (i) act as a forum for communication between the Board, senior management and the internal audit team.
- (ii) review the internal audit coverage and annual work plan, ensure the plan is based on Australian Hearing's risk management plan and recommend approval of the plan by the Board.
- (iii) advise the Board on the adequacy of internal audit resources to carry out its responsibilities, including

completion of the approved internal audit plan.

- (iv) monitor the coordination of audit programs conducted by internal and external audit and other review functions.
- (v) review all audit reports and provide advice to the Board on significant issues identified in audit reports and action taken on issues raised, including identification and dissemination of good practice.
- (vi) monitor Australian Hearing management's implementation of internal audit recommendations.
- (vii) review the Audit and Risk Management Committee charter to ensure appropriate organisational structures, authority, access and reporting arrangements are in place.
- (viii) periodically review the performance of internal audit.
- (ix) provide advice to the Board on the appointment, or recommend to the Board the appointment of the internal auditor.

**(F) EXTERNAL AUDITING**

- (i) act as a forum for communication between the Board, senior management and the external audit team.
- (ii) provide input and feedback on the financial statement and performance audit coverage proposed by external audit and provide feedback on the audit services provided.
- (iii) review all external plans and reports in respect of planned or completed audits and monitor management's implementation of audit recommendations.
- (iv) provide advice to the Board on action taken on significant issues raised in relevant external audit reports. Internal auditing has been outsourced to O'Connor Marsden and Associates up to 30 June 2014. Regular reports are received from management and internal and external auditors, and recommendations for improved internal controls, processes and efficiencies are implemented on a regular basis. The Committee meets at least once a year with the auditors, independent of management.

		MEETINGS ATTENDED	MEETINGS ELIGIBLE TO BE ATTENDED
Mrs Swati Dave	Chair	2	2
Associate Professor Rae Cooper	Director retired 13 December 2013	1	1
The Hon Michael Knight AO	Director	2	2
Ms Michelle Chiang	Member appointed 27 March 2013 to 26 March 2015	1	1
Mrs Sam Andersen	Director appointed 13 December 2013	1	1

## Remuneration and Organisation Development Committee

This Committee is a formal sub-committee of the Board established on 26 October 2012 with membership comprised of Associate Professor Rae Cooper, Chair, Mrs Swati Dave and Mrs Glenise Coulthard.

The role of the Committee is to assist and advise the Board of Directors in fulfilling its responsibilities on matters relating to the compensation, bonuses, incentives and remuneration issues of the Managing Director and staff. The Committee is not a policy making body, but assists the Board by implementing Board policy.

The objectives of the Committee include:

- (a) review and recommend to the Board annually, remuneration for the Managing Director within the terms of the employment contract and Remuneration Tribunal guidelines.
- (b) review the Managing Director's recommendation regarding remuneration for staff.
- (c) ensure staff remuneration is aligned with market trends.
- (d) monitor and review the Managing Director's performance and key performance indicators for the determination of the annual bonus components.
- (e) review and recommend incentive plans for Executives and staff.
- (f) ensure that remuneration is aligned with strategy.
- (g) ensure that the key performance indicators and performance of senior Executive

staff is aligned with strategy.

- (h) assist the Board in driving talent management at a strategic level.
- (i) assist the Board in the recruitment and development of senior Executive staff.

## Australian Hearing's Research Committee

The Research Committee meets normally three times each year. Its role is to:

- (a) review the strategic plan of NAL research once a year in line with Australian Hearing's strategic direction.
- (b) determine that the projects undertaken are in line with NAL Research and Australian Hearing's strategic objectives.
- (c) approve the annual research plan and progress reports for activities funded by the Department of Health prior to them being formally submitted to the Department of Health.
- (d) take a proactive, high level role in project selection, evaluation, resource allocation and balance of type of outcomes to be achieved (i.e. commercial, sponsored or community good).
- (e) be interactive, and apply scrutiny and guidance at a strategic level, including review of project progress reports at each meeting.
- (f) assess significant changes to projects in line with strong governance, structure and reporting/evaluation mechanisms.
- (g) monitor the development, ownership, protection and commercialisation of intellectual property created by NAL.

### ATTENDANCE OF DIRECTORS AND MEMBERS AT REMUNERATION AND ORGANISATION DEVELOPMENT COMMITTEE MEETINGS

		MEETINGS ATTENDED	MEETINGS ELIGIBLE TO BE ATTENDED
Associate Professor Rae Cooper	Chair appointed 13 December 2013	2	2
Mrs Swati Dave	Director retired as Chair 13 December 2013	2	2
Mrs Glenise Coulthard	Director appointed 13 December 2013	2	2

AUSTRALIAN HEARING RESEARCH COMMITTEE ATTENDANCE (MEETING 27 JUNE 2014 CANCELLED)

		MEETINGS ATTENDED	MEETINGS ELIGIBLE TO BE ATTENDED
Associate Professor Rae Cooper	Chair	2	2
Mr Steven Grundy	Managing Director retired 23 October 2013	-	1
Mr Bill Davidson	Managing Director appointed 24 October 2013	1	1
Ms Tracey Duffy	OHS	1	1
Ms Lynne Clune	OHS	1	1
The Hon Michael Knight AO	Director retired 13 December 2013	1	1
Dr Bob Frater		2	2
Associate Professor Jim Patrick		2	2
Professor Louise Hickson		2	2
Professor Harvey Dillon		2	2
Mrs Glenise Coulthard	Director appointed 13 December 2013	-	1

## Research Ethics Committee

The Australian Hearing Board approves the appointment of the Chair of the Ethics Committee based on the recommendation or the Director of Research, NAL. Other members are invited and appointed by the Directors of Research as vacancies occur.

The role of the Human Research Ethics Committee is to:

- (a) protect the welfare and rights of participants in research undertaken by researchers employed by Australian Hearing.
- (b) approve research by other institutions on Australian Hearing clients where:
  - (i) there is significant involvement by researchers employed by Australian Hearing, or;
  - (ii) issues of privacy of customer records kept by Australian Hearing are raised by the research, in which case, the Committee needs to review the research to ensure that any breaches of the information privacy principles (IPPs) are justified or steps are required of the researchers to obtain customer permission to access the records.
- (c) ensure that prior to the commencement of subject testing, all projects have received the appropriate ethics approval.
- (d) 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.
- (e) 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.

AUSTRALIAN HEARING HUMAN RESEARCH ETHICS COMMITTEE ATTENDANCE

	MEETINGS ATTENDED	MEETINGS ELIGIBLE TO BE ATTENDED
Dr John Quilter Chairman	2	2
Ms Alison King	2	2
Reverend Philip Bradford	1	2
Mr Richard Brading	2	2
Dr John Mack	1	2
Professor Di Yerbury	2	2
Associate Professor Catherine McMahon	1	2
Ms Ingrid Yeend	1	1
Dr Gitte Keidser	1	1
Dr Teresa Ching	2	2

## Conflict of interest

Directors who have a material personal interest in a matter to be considered by the Board or a Board Committee are required to make the nature of that interest known and must not be present while the matter is being considered. Details of such disclosures are recorded in the minutes of each Board meeting.

## Enabling legislation

Australian Hearing is established under the *Australian Hearing Services Act 1991*. The purpose of the Act is to establish the authority and provide for its functions.

The functions of the authority are defined in Section 8 of the Act as follows:

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

## Executive governance structures

### EXECUTIVE COMMITTEE

The Executive Committee provides strategic and business leadership, reviews and makes recommendations to the Board on strategic, capital and business plans, and assesses quality and performance of services.

### BUSINESS ETHICS GUIDE

Australian Hearing has implemented a Business Ethics Guide which includes the following:

- 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 this guide.

## Our corporate plan

We undertake a yearly strategic planning session and present a Corporate Plan to the Minister for Human Services. This plan must meet the current requirements of the AHS Act. In accordance with the AHS Act, the Board must review and revise the plan as soon as practicable before the beginning of each financial year.

The Managing Director and Australian Hearing Executives attend quarterly meetings with the Department of Human Services. Quarterly meetings are also held with the Office of Hearing Services, Department of Health in relation to the delivery of Community Services Obligations Service. These quarterly meetings report on performance against key performance indicators and progress on specific projects.

# Board of Directors

The Board of Directors of Australian hearing has pleasure in submitting its report for the financial year ended 30 June 2014.

## Board composition

Directors are appointed to the Board of Australian Hearing on fixed terms by the Australian Government. All are Non-Executive Directors, except for the Managing Director.

The names and details of the Directors in office during 2013/14 are detailed below. Unless otherwise indicated, all held their position as a Director throughout the entire year.



## Associate Professor Rae Cooper

BA (Hons) UNSW, PhD (USyd)

CHAIR AND NON-EXECUTIVE DIRECTOR

An Associate Professor at the University of Sydney Business School, Dr Rae (Rachel) Cooper was appointed Chair of Australian Hearing on 22 October 2011. Rae has been a full-time academic for the past 13 years. During this time she has published more than 40 articles and chapters on industrial relations and gender at work in leading national and international journals. Rae is currently investigating the negotiation of workplace flexibility for working parents, a project that is supported by an Australian Research Council (ARC) Discovery Grant.

Rae has previously been the Deputy Chair of the NSW Premier's Expert Advisory Council on Women, Chair of the NSW Working Women's Centre, Board Director of the NSW TAFE Commission and a member of the NSW Rural Assistance Authority. In November 2013, Rae was appointed as Director for Family Planning NSW.

A passionate advocate for social inclusion and social justice, Rae uses her research expertise to consult for a number of major organisations. She also regularly advises policy makers on workplace matters.



## Mrs Swati Dave

NON-EXECUTIVE DIRECTOR

Mrs Dave is the Acting Executive General Manager, Consumer Lending at National Australia Bank. From March 2009 to July 2014, Swati was the Executive General Manager of Specialised Finance. In this role she led a specialist team with responsibility for providing financing solutions across the infrastructure, energy & utilities and resources sectors in Australia, the United Kingdom and Singapore.

Having held senior roles at Bankers Trust, Deutsche Bank and AMP Henderson Global Investors, Swati has a rich background in the banking and finance sector.

Swati is keen to use her extensive skills and experience to make a broader contribution to our community. In particular, she is interested in Australian Hearing and the services it provides for children, youth, veterans and Aboriginal and Torres Strait Islanders. Swati believes these services are vital to improving the quality of life for hearing-impaired Australians.



## The Hon Michael Knight AO

NON-EXECUTIVE DIRECTOR

Mr Knight was the Minister for the Sydney Olympic and Paralympic Games. Michael has extensive experience in public sector commercial entities, including a board member of Delta Electricity and Chairman of the Sydney Olympic Park Authority.

He also was the Chair of the private consortium, InfraShore which built the new Royal North Shore Hospital in Sydney and delivers a range of support services.

Most of Michael's working life has involved being an advocate for disadvantaged groups and individuals.



## Sam (Sandra) Andersen

NON-EXECUTIVE DIRECTOR

Mrs Andersen is a Certified Practising Accountant with a Bachelor of Law degree. She is a Fellow of Finsia (the Financial Services Institute of Australasia) and the Australian Institute of Company Directors.

Sam was appointed as a Director of Australian Hearing in August 2013. She is a member of the Board of Trustees and Chair of the Risk Committee for Melbourne Convention and Exhibition Trust, a Director and the Chair of the Audit and Risk Management Committee for VicTrack, a Director and Chair of the Audit and Risk Committee for Anteo Diagnostics Limited and a Director and of Beyond Bank Australia.

Sam has held senior executive positions with ANZ, Commonwealth Bank and NAB.

Following a career change from banking and finance into industry, Sam became the CFO at Lumacom Ltd and Chief Operating and Financial Officer at Multi-Emedia.com Ltd. Sam led the initial public offering for, and became the Managing Director of, Eyecare Partners Limited, which tripled in size during its first two years of operation. Sam is also a former Director of Victorian Funds Management Corporation, Superpartners Pty Ltd, Rural Finance Corporation and Grain Growers Limited.



## Glenise Coulthard

NON-EXECUTIVE DIRECTOR

Mrs Coulthard is an Adnyamathanha woman from the Northern Flinders Ranges in South Australia. She has extensive experience in South Australia's Aboriginal and mainstream health services and was a part of the team that developed the first Aboriginal health unit at the Port Augusta Hospital.

From 2004 to 2007, Glenise was the Project Manager for the Otitis Media Clinical Support Systems. During this time she worked in partnership with several stakeholders to reduce middle ear disease in Aboriginal children in the north and far west regions of South Australia.

Glenise was the first Aboriginal person appointed to the board of the Royal Flying Doctor Service Central Operations and has held this position for the past 18 years.

## Mr Kim Keogh

MAICD

NON-EXECUTIVE DIRECTOR

*Retired as director 29 August 2013*

## Associate Professor Kelvin Kong

BSc, MBBS (UNSW), FRACS

NON-EXECUTIVE DIRECTOR

*Retired as director 29 August 2013*

## Ms Kathryn Campbell CSC

BAppSc, MInf Sc, MBA

NON-EXECUTIVE DIRECTOR

*Appointment as special purpose director ended 28 November 2013*



## Bill Davidson

MANAGING DIRECTOR

Mr Davidson was appointed Managing Director of Australian Hearing on 24 October 2013.

Before Australian Hearing, Bill was CEO at Job Futures—a leading social enterprise committed to finding jobs for the more disadvantaged members of our community. Bill has held several senior management roles in the managed services industry within both the private and public sectors. He has extensive experience in the delivery of contracted, outsourced services in Australia, the UK and South-East Asia.

Bill serves on the board of CHOICE as Deputy Chair and as a member of the Audit and Risk Committee. He is also a Director of Streetwize Publications Limited—a youth magazine for Aboriginal and Torres Strait Islanders—and the Director of Pat and Stick's Homemade Ice Cream Co.

## Mr Steven Grundy

Dip Maritime Studies, Dip Bus Admin, FAIM, MAICD

MANAGING DIRECTOR

*Retired as Managing Director 23 October 2013*

# Executive management



## Mr Peter Gasparovic

AdvDip Computer Science  
Business Services Director

Mr Gasparovic joined Australian Hearing in January 2010 and brings with him a wealth of IT and leadership experience. With nearly 30 years' experience in the IT industry, he has developed a comprehensive understanding of value-driven IT departments.

Mr Gasparovic previously held the position of CIO at Mondial Assistance, MissionAustralia, Chubb Asia Pacific, Dexion and Taubmans Paints. He has significant experience in developing and leading IT departments which provide a strong focus on customer service excellence. He believes in investing in a robust management and leadership structure that is backed up by a team who are passionate about helping the organisation.

Mr Gasparovic has an Advanced Diploma in Computer Science and is an ITIL (IT Service Management) and PRINCE2 (Project Management) certified professional.



## Mr Stephen Patterson

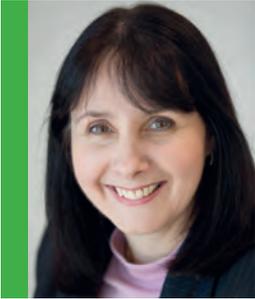
BComm, FCPA, ACIS

CHIEF OPERATING OFFICER AND COMPANY SECRETARY

Mr Patterson has significant finance and company secretarial experience both in Australia and in the Asia Pacific region. He has previously held senior finance roles with a number of large Australian listed organisations such as Australian National Industries, Optus Communications and Goodman Fielder. This experience has been both at corporate head office level and on an Australian and international divisional basis with considerable involvement in acquisitions and restructuring.

Mr Patterson has extensive commercial experience in financial, company secretarial and stock exchange reporting in Australia and overseas, covering a broad range of industry segments such as media and communications, heavy engineering and the food and beverage industries. Mr Patterson has a Bachelor of Commerce Degree from the University of NSW and is a Fellow of the Society of Certified Practising Accountants (FCPA) and a qualified Company Secretary. He has completed the Global Strategic Management Program at Harvard Business School.

Mr Patterson was previously Chief Financial Officer from March 2004 to April 2009 and a winner of the the Australian Financial Review CFO award for the Government sector. As Chief Operating Officer since April 2009, he has been responsible for a number of large scale projects. This has included the National Support Office relocation to the Australian Hearing Hub at Macquarie University, as well as the negotiation and tendering of the Hearing Aid and Earmould contracts which are the largest tenders of their type in the Southern Hemisphere, and recognised as one of the largest tenders globally.



## Ms Gina Mavrias

BSc, DipAud MAudSA (CCP)

OPERATIONS DIRECTOR

Ms Mavrias joined the National Acoustic Laboratories in 1988 as an Audiologist and specialised in the rehabilitation of adults with a severe hearing impairment. She has a Bachelor of Science Degree and a Diploma of Audiology from the University of Melbourne, and is a Member of Audiology Australia.

Ms Mavrias has been in a senior management position with Australian Hearing for 15 years and has extensive knowledge of the business and the hearing industry. She has been a member of the Australian Hearing Executive team since 2004.

Ms Mavrias' current position is Operations Director, where she is responsible for the management of operations and service delivery across a national network of sites. This includes responsibility for human resource management, clinical policies and procedures, and marketing.



## Professor Harvey Dillon

BE, PhD

DIRECTOR NATIONAL ACOUSTIC LABORATORIES

Professor Harvey Dillon joined Australian Hearing in 1979 and became Director of Research in 2000.

Professor Dillon has lectured extensively in the areas of acoustics, psychoacoustics and hearing aids in the audiology program at Macquarie University, where he is an adjunct professor. He is the author or co-author of more than 200 scientific articles, 14 book chapters and a text book on hearing aids, now in its second edition.

He has been the recipient of several awards including the Callier Prize from the University of Texas and the NSW public sector scientist/engineer of the year, both in 2013. He is frequently invited to present keynote addresses at overseas conferences.

Professor Dillon has an undergraduate degree in Electrical Engineering and a PhD for research into psychoacoustics. His current research interests centre on processing of sounds by the brain and electrophysiological testing of hearing.

# PART SIX

## Financial Statements



# Independent Auditor's Report

FOR THE YEAR ENDED 30 JUNE 2014



## To the Minister for Human Services

I have audited the accompanying financial statements of Australian Hearing for the year ended 30 June 2014, which comprise: a Statement by the Directors, Chief Executive, Chief Operating Officer and Business Services Director; the Statement of Comprehensive Income; Statement of Financial Position; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; and Notes to and forming part of the Financial Statements, including a Summary of Significant Accounting Policies and other explanatory information.

## Directors' Responsibility for the Financial Statements

The directors of Australian Hearing are responsible for the preparation of the Financial statements that give a true and fair view in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*, including the Australian Accounting Standards, and for such internal control as is necessary to enable the preparation of Financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Australian Hearing's

preparation of the financial statements that give a true and fair view 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 Australian Hearing's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## Independence

In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

## Auditor's opinion

In my opinion, the financial statements of Australian Hearing:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*, including the Australian Accounting Standards; and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders including Australian Hearing's financial position as at 30 June 2014 and its financial performance and cash flows for the year then ended.

Australian National Audit Office

A handwritten signature in black ink, appearing to read 'Kristian Gage'.

**Kristian Gage**

Acting Executive Director  
Delegate of the Auditor-General

Canberra  
29 August 2014

# Statement by the Directors, Managing Director, Chief Operating Officer and Company Secretary and Business Services Director

FOR THE YEAR ENDED 30 JUNE 2014

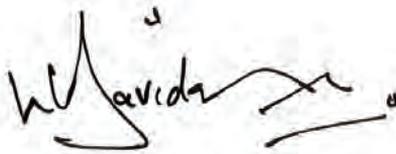
In our opinion, the attached financial statements for the year ended 30 June 2014 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*, as amended.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Authority will be able to pay its debts as and when they become due and payable.

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



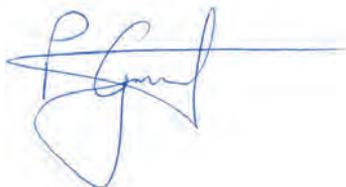
**Associate Professor  
Rae Cooper**  
Chair



**Bill Davidson**  
Managing Director



**Stephen Patterson**  
Chief Operating Officer  
and Company Secretary



**Peter Gasparovic**  
Business Services Director

29 August 2014

# Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 \$'000	2013 \$'000
<b>INCOME</b>			
Sale of goods and rendering of services	2A	209,706	200,295
Interest	2B	2,095	2,228
Other revenue	2C	386	825
<b>Total Income</b>		<b>212,187</b>	<b>203,348</b>
<b>EXPENSES</b>			
Employee benefits	3A	98,367	93,834
Suppliers	3B	92,257	94,819
Depreciation and amortisation	3C	8,398	9,980
Finance costs	3D	177	168
Write-down and impairment of assets	3E	-	-
Losses from asset disposals - Prima Sales	3F	518	388
<b>Total Expenses</b>		<b>199,717</b>	<b>199,189</b>
<b>Profit before income tax equivalent</b>		<b>12,470</b>	<b>4,159</b>
Income tax equivalent expense	4	3,623	1,264
<b>Profit after income tax equivalent</b>		<b>8,847</b>	<b>2,895</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>8,847</b>	<b>2,895</b>

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

# Statement of Financial Position

AS AT 30 JUNE 2014

	Notes	2014 \$'000	2013 \$'000
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6A	6,781	3,079
Trade and other receivables	6B	5,455	4,100
Inventories	6C	2,810	2,707
Work in Progress	6D	3,543	2,977
Other current assets	6E	2,786	2,272
Other Investments ( Held-to-maturity) under s.18 of the CAC Act	6F	55,500	48,000
<b>Total current assets</b>		<b>76,875</b>	<b>63,135</b>
<b>NON-CURRENT ASSETS</b>			
Land and Buildings	7A	12,132	11,767
Property, plant & equipment	7B	10,402	11,237
Intangibles	8	4,505	5,946
Tax assets	9	11,345	11,378
<b>Total non-current assets</b>		<b>38,384</b>	<b>40,328</b>
<b>Total assets</b>		<b>115,259</b>	<b>103,463</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10A	16,275	13,860
Provision	11A	10,111	10,763
Deferred revenue	10B	16,052	15,800
Tax liabilities	10C	3,225	1,360
Dividends	10D	4,547	1,394
<b>Total current liabilities</b>		<b>50,210</b>	<b>43,177</b>
<b>NON-CURRENT LIABILITIES</b>			
Trade and other payables	10A	7,699	6,692
Provision	11A	15,006	15,072
<b>Total non-current liabilities</b>		<b>22,705</b>	<b>21,764</b>
<b>Total liabilities</b>		<b>72,915</b>	<b>64,941</b>
<b>NET ASSETS</b>		<b>42,344</b>	<b>38,522</b>
<b>EQUITY</b>			
Retained earnings	12	42,344	38,522
<b>TOTAL EQUITY</b>		<b>42,344</b>	<b>38,522</b>

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

# Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 \$'000	2013 \$'000
<b>RETAINED EARNINGS</b>			
Opening Balance		38,522	37,342
Comprehensive income			
Other comprehensive income		-	-
Surplus for the year		8,847	2,895
<b>Total comprehensive income</b>		<b>8,847</b>	<b>2,895</b>
Transactions with owners			
Dividend distributions	(a)	(5,025)	(1,715)
<b>Closing Balance</b>	<b>12</b>	<b>42,344</b>	<b>38,522</b>
(a) Dividends			
Interim		(478)	(321)
Final		(4,547)	(1,394)
<b>Total dividends</b>		<b>(5,025)</b>	<b>(1,715)</b>

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

# Cash Flow Statement

FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 \$'000	2013 \$'000
<b>OPERATING ACTIVITIES</b>			
CASH RECEIVED			
Goods and services		211,495	209,316
Interest		1,903	2,208
Other revenue		386	822
Net GST received		2,550	2,466
<b>Total cash received</b>		<b>216,334</b>	<b>214,812</b>
CASH USED			
Employees		(97,984)	(92,575)
Suppliers		(96,545)	(101,718)
Income tax equivalent		(1,726)	(3,191)
<b>Total cash used</b>		<b>(196,255)</b>	<b>(197,484)</b>
<b>Net cash flows from operating activities</b>	<b>13B</b>	<b>20,079</b>	<b>17,328</b>
<b>INVESTING ACTIVITIES</b>			
CASH RECEIVED			
Proceeds from sale of property, plant and equipment		-	1
Proceeds from investments under s.18 of the CAC Act		76,000	124,087
<b>Total cash received</b>		<b>76,000</b>	<b>124,088</b>
CASH USED			
Purchases of property, plant and equipment		(7,005)	(5,662)
Payments for investments under s.18 of the CAC Act		(83,500)	(133,087)
<b>Total cash used</b>		<b>(90,505)</b>	<b>(138,749)</b>
<b>Net cash used by investing activities</b>		<b>(14,505)</b>	<b>(14,661)</b>
<b>FINANCING ACTIVITIES</b>			
CASH USED			
Dividend paid		(1,872)	(2,518)
<b>Total cash used</b>		<b>(1,872)</b>	<b>(2,518)</b>
<b>Net cash used by financing activities</b>		<b>(1,872)</b>	<b>(2,518)</b>
Net increase/(decrease) in cash held		3,702	149
Cash at the beginning of the reporting period		3,079	2,930
<b>Cash at the end of the reporting period</b>	<b>13A</b>	<b>6,781</b>	<b>3,079</b>

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

# Schedule of Commitments

AS AT 30 JUNE 2014

	Notes	2014 \$'000	2013 \$'000
<b>BY TYPE</b>			
Commitments receivable			
Net GST recoverable on commitments		(4,912)	(5,055)
Commitments payables			
Capital commitments			
Property, plant and equipment	(a)	1,125	1,509
Other commitments			
Operating lease	(b)	41,989	40,398
Supply Contracts		11,781	15,097
<b>Total Commitments Payable</b>		<b>54,895</b>	<b>57,004</b>
<b>Net commitments by type</b>		<b>49,983</b>	<b>51,949</b>
<b>BY MATURITY</b>			
Capital commitments			
Within one year		1,023	1,372
Between one and five years		-	-
More than five years		-	-
<b>Total capital commitments</b>		<b>1,023</b>	<b>1,372</b>
Other commitments			
Operating Leases			
Within one year		7,817	7,508
Between one and five years		17,755	14,865
More than five years		12,600	14,352
<b>Total operating lease commitments</b>		<b>38,172</b>	<b>36,725</b>
Supply contracts			
Within one year		7,012	5,745
Between one and five years		3,776	8,107
More than five years		-	-
<b>Total supply contracts</b>		<b>10,788</b>	<b>13,852</b>
<b>Net commitment by maturity</b>		<b>49,983</b>	<b>51,949</b>

Commitments are GST inclusive where relevant.

- (a) Outstanding contractual payments for clinical equipment, computer hardware and software under development.  
 (b) Operating leases.

Nature of lease	General description of leasing arrangement
Leases for office accommodation	Most lease payments are subject to annual increases based on either movements in the consumer price index, an agreed amount or prevailing market rentals at the time of review. The initial periods of some accommodation leases are still current and in some cases the lease may be renewed for periods of up to five years at Australian Hearing's option following a review to current market rentals.
Agreements for the provision of motor vehicles	Under Lease Plan agreement, no contingent rentals exist however there are renewal and purchase options available to Australian Hearing for these leases. Under SG Fleet agreement, no contingent rentals exist and there are no renewal or purchase options available to Australian Hearing for these leases.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

## Contents

NOTE NO.	DESCRIPTION	PAGE
Note 1	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	44
Note 2	INCOME	53
Note 3	EXPENSES	53
Note 4	INCOME TAX EQUIVALENT EXPENSE	55
Note 5	COMPETITIVE NEUTRALITY	55
Note 6	CURRENT ASSETS	56
Note 7	NON-CURRENT ASSETS	58
Note 8	INTANGIBLE ASSETS	60
Note 9	TAX ASSETS	61
Note 10	TRADE AND OTHER PAYABLES	61
Note 11	PROVISIONS	62
Note 12	RETAINED SURPLUS	63
Note 13	CASH FLOW RECONCILIATION	63
Note 14	NON-EXECUTIVE DIRECTORS REMUNERATION	64
Note 15	SENIOR EXECUTIVE REMUNERATION	64
Note 16	REMUNERATION OF AUDITORS	68
Note 17	UNQUANTIFIABLE CONTINGENCIES	68
Note 18	FINANCIAL INSTRUMENTS	68
Note 19	EVENTS AFTER THE REPORTING PERIOD	69

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 1.1 OBJECTIVE OF AUSTRALIAN HEARING

Australian Hearing is an Australian Government controlled entity and operates on a for-profit basis. The objectives of Australian Hearing are to provide hearing services and to carry out research and development in hearing related matters.

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

The Australian Government has commenced a scoping study into the future of Australian Hearing. The Government will consider the recommendations of the scoping studies in the context of the 2015/16 budget. This will allow the government to make an informed decision regarding the most appropriate future ownership or delivery arrangements. At the date of signing the financial statements, an estimate of the financial effects cannot be made.

### 1.2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements are general purpose financial statements and are required by clause 1(b) of Schedule 1 to the *CAC Act (Commonwealth Authorities and Companies Act 1997)*.

The statements have been prepared in accordance with:

- Finance Minister's Orders (FMOs) for reporting periods ending on or after 1 July 2011; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements and notes have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance has been made for the effect of changing prices on the results or the financial position.

The financial statements and notes are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

Unless an alternative treatment is specifically required by an accounting standard or the FMOs, assets and liabilities are recognised in the Statement of Financial Position when and only when it is probable that future economic benefits will flow to Australian Hearing or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executory contracts are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the schedule of commitments or the schedule of contingencies.

Unless alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the Statement of Comprehensive Income when and only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

Certain balances in the prior period have been reclassified in order to conform with the current year presentation.

### 1.3 REVENUE

#### SALE OF GOODS AND SERVICES

Revenue from the sale of goods is recognised when:

- (a) the risks and rewards of ownership have been transferred to the buyer;
- (b) the seller retains no managerial involvement nor effective control over the goods;
- (c) the revenue and transaction costs incurred can be reliably measured; and
- (d) it is probable that the economic benefits associated with the transaction will flow to the entity.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- (a) the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- (b) the probable economic benefits with the transaction will flow to the entity.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that time spent to date bears to the estimated total time of completing the contract.

Receivables for goods and services, which have 30 days terms are recognised at the nominal amounts due less any impairment allowance. Collectability of debts is reviewed at the end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

#### INTEREST REVENUE

Interest income from cash and cash equivalents is recognised when it is probable that the economic benefits will flow to Australian Hearing and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Interest income from financial assets is recognised using the effective interest method as set out in

AASB 139 Financial Instruments :  
Recognition and Measurement.

#### REVENUES FROM GOVERNMENT

Australian Hearing receives most of its government revenues from two sources:

- Federal budget funding via the Department of Health, Office of Hearing Services branch (OHS), for its community service and research work; and
- revenue received through a competitive voucher scheme administered by the OHS.

Funding from the OHS is recognised when the service or goods have been provided. Funding that is carried forward to be recognised as revenue in future years is specifically authorised by the OHS.

Revenue for services provided under the competitive Voucher scheme is recognised when the services are provided. Fees for annual maintenance services are received in advance and revenue is recognised proportionately over the twelve months that services are provided.

## GRANTS AND RESEARCH FUNDING

Australian Hearing is a member of a research organisation, HEARing Cooperative Research Centre (HCRC). Australian Hearing provides staff and facilities to the venture to conduct research into hearing technology and receives funds to reimburse expenditures in its research division, the National Acoustic Laboratories (NAL).

Royalty income is derived from the subsequent commercial application of intellectual property developed by HCRC. Australian Hearing via NAL has a share in a bank of intellectual property devised over the previous years of its involvement in HCRC which may lead to royalty income at some time in the future.

Australian Hearing receives grants from organisations to conduct studies into hearing and noise. Most grants require services or facilities to be provided or eligibility criteria to be met. In these cases revenue is only recognised to the extent that the services required have been performed or the eligibility criteria have been satisfied. Where grant monies are received in advance, a liability is recognised.

## 1.4 GAINS

### RESOURCES RECEIVED FREE OF CHARGE

Resources received free of charge are recognised as gains when and only when a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense. Resources received free of charge are recorded as either revenue or gains depending on their nature.

### SALE OF ASSETS

Gains from disposal of assets are recognised when control of the asset has passed to the buyer.

## 1.5 EMPLOYEE BENEFITS

Liabilities for 'short-term employee benefits' (as defined in AASB 119 Employee Benefits) and termination benefits expected to be wholly settled within twelve months of the end of reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits are measured as the net total of the present value of the estimated future cash outflows to be made in respect of services provided by employees up to reporting date.

### LEAVE

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of Australian Hearing is estimated to be less than the annual entitlement for sick leave.

Leave liabilities both annual leave and long service leave must be discounted on the basis of when the benefits are due to be settled.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will apply at the time the leave is taken, including Australian Hearing's employer superannuation contribution rates and to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by reference to the work of an actuary as at May 2014. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation. Expected future payments are discounted using Commonwealth bond rates.

## SUPERANNUATION

Staff of Australian Hearing are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS Accumulation Plan (PSSap) or other superannuation funds held outside the Commonwealth.

The Directors of Australian Hearing are members of the PSS Accumulation Plan (PSSap) or other superannuation funds held outside the Commonwealth.

The CSS and PSS 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 administered schedules and notes.

Australian Hearing 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. Australian Hearing accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June 2014 represents outstanding contributions for the final fortnight of the year.

## 1.6 LEASES

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Australian Hearing has no finance leases.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

Any lease incentive are recognised under operating leases as a reduction of rental expense, respectively over the lease term. The calculation is required to be on a straight-line basis unless another systematic basis is representative of the time pattern of the benefits.

## 1.7 FAIR VALUE MEASUREMENT

Australian Hearing operates on a for-profit basis. As per Approved exemption 17.4 under the Finance Minister Orders, Australian Hearing is exempted from the requirement of fair value measurement for valuation of non financial assets and the related level of disclosure hierarchy.

## 1.8 CASH

Cash and cash equivalents includes cash on hand and any deposits in bank accounts, with a short maturity of three months or less, that are readily convertible to known amounts of cash and subject to 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 Australian Hearing 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
- Australian Hearing's commercial operational requirements.

## 1.9 FINANCIAL ASSETS

Australian Hearing has classified its financial assets in the following categories: -

- held-to-maturity investments
- loans and receivables

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial assets are recognised and derecognised upon trade date.

### EFFECTIVE INTEREST METHOD

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

### LOANS AND RECEIVABLES

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Trade Receivables are recognised initially at fair value and are subsequently measured at amortised cost. As this category is representative of short term transactions, amortised cost are generally be consistent with nominal amount.

### HELD-TO-MATURITY INVESTMENTS

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that Australian Hearing has the positive intent and ability to hold to maturity have been classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

### IMPAIRMENT OF FINANCIAL ASSETS

Financial assets are assessed for impairment at the end of each reporting period.

Financial Assets held at amortised cost - if there is objective evidence that an impairment loss has been incurred for loans and receivables or held to maturity investments held at amortised cost, the amount of the loss is measured as the difference between the assets carrying the amount and present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Statement of Comprehensive income.

## 1.10 FINANCIAL LIABILITIES

Australian Hearing has classified its financial liabilities in the following category: -

- Other Financial Liabilities
- Financial liabilities are recognised and derecognised upon 'trade date'

### EFFECTIVE INTEREST METHOD

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial liability, or, where appropriate, a shorter period.

### OTHER FINANCIAL LIABILITIES

Supplier and other payables are recognised at amortised cost. As this category is representative of short term transactions, amortised cost are generally be consistent with nominal amount.

## 1.11 PROVISIONS

Provisions are recognised when Australian Hearing has a present obligation (legal or constructive) as a result of a past event, it is probable that Australian Hearing will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

### ONEROUS CONTRACTS

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where Australian Hearing has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

## SEPARATION AND REDUNDANCY

Australian Hearing shall recognise termination benefits when: -

- costs for a restructuring within the scope of AASB 137 involves payment of termination benefits.
- offer of these benefits can no longer be withdrawn.

### 1.12 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent liabilities and assets are not recognised in the Statement of Financial Position but are reported in the relevant schedules and notes. 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.

### 1.13 ACQUISITION OF ASSETS

Assets are recorded at cost on acquisition except as stated below. As per Approved exemption 17.4 under the Finance Minister Orders, Australian Hearing is exempted from the requirement of fair value measurement for valuation of non financial assets and the related level of disclosure hierarchy.

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.

### 1.14 PROPERTY, PLANT AND EQUIPMENT

#### ASSET RECOGNITION THRESHOLD

Purchases of property, plant and equipment are recognised at cost in the Statement of Financial Position except for purchases costing less than \$1,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

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 Australian Hearing where an obligation to restore the property to its original condition exists. These costs are included in the

value of Australian Hearing's leasehold improvements and a corresponding provision for the restoration obligation is recognised.

#### DEPRECIATION

Depreciable property, plant and equipment assets are written off to their estimated residual values over their estimated useful lives using, in all cases, the straight line method of depreciation.

Depreciation rates, useful lives, residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2014	2013
Buildings on freehold land	40 years	40 years
Leasehold improvements	Lease term	Lease term
Plant and equipment	3-20 years	3-20 years

#### IMPAIRMENT

All assets were assessed for impairment at 30 June 2014. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment is made if the asset's recoverable amount is less than its carrying amount. The impairment adjustment is reflected in the gross carrying value of the assets.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if Australian Hearing were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

#### DERECOGNITION

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

### 1.15 INTANGIBLE ASSETS

Intangible assets comprise both specifically developed software for internal use, and proprietary software. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of Australian Hearing's software are 3 to 7 years (2012/13: 3 to 7 years).

All software assets were assessed for indicators of impairment as at 30 June 2014.

### 1.16 INVENTORIES

Inventories held for sale are valued at the lower of cost and net realisable value.

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

Costs are assigned to inventory using the average cost method.

### 1.17 TAXATION / COMPETITIVE NEUTRALITY

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

Revenues, expenses and assets are recognised net of GST:

- except where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- except for receivables and payables.

#### COMPETITIVE NEUTRALITY

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

### 1.18 NEW ACCOUNTING STANDARDS

#### ADOPTION OF NEW AUSTRALIAN ACCOUNTING STANDARD REQUIREMENTS

No accounting standard has been adopted earlier than the application date as stated in the standard.

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to Australian Hearing. Australian Hearing has decided not to early adopt any of the new and amended pronouncements.

Australian Hearing's assessment of the new and amended pronouncements that are relevant but applicable in future periods is set out below:

#### AASB 9 'Financial Instruments' Effective Date 1 January 2015

##### KEY REQUIREMENTS

The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows:

- The change attributable to changes in credit risk are presented in other comprehensive income (OCI).
- The remaining change is presented in profit or loss.

If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

#### AASB 9 'Financial Instruments'

##### Effective Date 1 January 2017

##### KEY REQUIREMENTS

AASB 9 incorporates:

- the classification and measurement requirements for financial liabilities, and the recognition and derecognition requirements for financial instruments, in addition to the classification and measurement requirements for financial assets (representing the first phase of a three phase project to replace AASB 139); and
- hedge accounting (representing the third phase).

##### FUTURE AUSTRALIAN ACCOUNTING STANDARD REQUIREMENTS

All new standards, amendments to standards or interpretations that are applicable to future periods have been issued by the Australian Accounting Standards Board. It is estimated that adopting these pronouncements, when effective, will have no material financial impact on future reporting periods.

## 1.19 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of Australian Hearing's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

### CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

No accounting judgements in applying the accounting policies have been identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting period.

### KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- (a) **Estimate of asset lives, residual lives and depreciation methods** - Australian Hearing estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of property, plant and equipment are based on internal evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.
- (b) **Restoration obligations** - Restoration provisions include future cost estimates associated with restoring the original site. Uncertainty may result in future actual expenditure differing from the amounts currently provided. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances on the site.
- (c) **Long service leave provision** - The liability for leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. This is based on actuarial assessment. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using Commonwealth bond rates.
- (d) **Inventory obsolescence** - Reviews are made periodically by management on damaged, obsolete and slow moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.
- (e) **Restructuring provisions** - A restructuring provision has been recognised for committed and communicated redundancy costs for individual employees where the employees end date is after 30 June 2014 and other committed costs in relation to the restructuring. The provision does not include costs where Australian Hearing has not yet committed to courses of action.

## **1.20 WORK IN PROGRESS**

Under the current claims process with the Office of Hearing Services, Australian Hearing is remunerated on completion of a fitting which occurs when a customer returns their follow-up appointment. In order to match revenue against cost in each accounting period, Work in Progress is used to recognised revenue relating to activities that are partially completed i.e. the customer has been fitted with a hearing device but has yet to return for a follow-up appointment.

## **1.21 CHANGES TO COMPARATIVES**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where Australian Hearing has retrospectively applied an accounting policy, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

During the year Australian Hearing restated last years cash flow statement and cash flow reconciliation note 13 to exclude the impact of a non cash item valued at \$5.95 million. This resulted in adjustments to the cash received from goods and services and purchases of property plant and equipment but no impact on the overall cash flow statements.

	2014 \$'000	2013 \$'000
<b>NOTE 2: INCOME</b>		
<b>2A: Sale of goods and rendering of services</b>		
Sale and Provision of goods - related entities	71,386	69,495
Sale and Provision of goods - external parties	36,937	32,178
Rendering of services - in connection with related entities	91,623	89,291
Rendering of services - in connection with external parties	9,760	9,331
<b>Total sale of goods and rendering of services</b>	<b>209,706</b>	<b>200,295</b>
<b>2B: Interest</b>		
Interest on deposits	2,095	2,228
<b>2C: Other revenue</b>		
Royalties	386	825
<b>Total other revenue</b>	<b>386</b>	<b>825</b>
<b>NOTE 3: EXPENSES</b>		
<b>3A: Employee benefits</b>		
Wages and salaries	71,764	67,719
Superannuation	12,176	11,442
Leave and other entitlements	8,899	10,072
Separation and redundancies	1,836	866
Payroll tax	3,692	3,735
<b>Total employee benefits</b>	<b>98,367</b>	<b>93,834</b>
<b>3B: Suppliers</b>		
Goods and services supplied or rendered are made up of:		
Goods and services		
Consultants	1,209	2,111
Contractors	1,401	554
Travel	4,875	4,695
IT services	807	731
Others	71,737	74,663
<b>Total goods and services supplied or rendered</b>	<b>80,029</b>	<b>82,754</b>
Goods and services are made up of:		
Provision of goods - external parties	51,230	54,384
Provision of services - external parties	28,799	28,370
<b>Total goods and services supplied or rendered</b>	<b>80,029</b>	<b>82,754</b>

	2014 \$'000	2013 \$'000
<b>NOTE 3: EXPENSES CONTINUED</b>		
Other supplier expenses		
Operating lease rentals - external parties		
Minimum lease payments	11,147	11,390
Workers compensation premiums	1,081	675
Total other supplier expenses	12,228	12,065
Total supplier expenses	92,257	94,819
<b>3C: Depreciation and amortisation</b>		
Depreciation		
Buildings on freehold land	-	1
Leasehold improvements	2,272	2,811
Plant and equipment	4,095	4,869
Total depreciation	6,367	7,681
Amortisation		
Intangibles - Computer software	2,031	2,299
Total depreciation and amortisation	8,398	9,980
<b>3D: Finance costs</b>		
Unwinding of discount	177	168
<b>3E: Write-down and impairment of assets</b>		
Impairment of non-financial assets	-	-
<b>3F: Losses from asset disposals</b>		
Other Property, Plant & Equipment		
Proceeds from sale	-	(1)
Carrying value of assets sold	356	383
Selling expense	-	-
Intangible		
Proceeds from sale		
Carrying value of assets sold		6
Selling expense	-	-
Total carrying value of assets sold	162	389
Total proceeds from sale	-	(1)
Net loss on disposal of assets	518	388

	2014 \$'000	2013 \$'000
<b>NOTE 4: INCOME TAX EQUIVALENT EXPENSE</b>		
Reconciliation of income tax equivalent expense to prima facie tax payable:		
Net profit from ordinary activities	12,470	4,159
Income tax calculated at 30%	3,742	1,248
Tax effect of permanent differences:		
- non allowable expenses	24	27
- National Acoustic Laboratories exempt from income tax equivalent	(143)	(11)
<b>Income tax equivalent expense</b>	<b>3,623</b>	<b>1,264</b>
This is comprised of:		
Current tax expense	3,590	2,400
Deferred tax expense	33	(1,136)
<b>Income tax equivalent expense</b>	<b>3,623</b>	<b>1,264</b>

Australian Hearing provides services on a for-profit basis and is subject to the Australian Government's competitive neutrality policy. 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. These amounts have been paid or are payable to the Official Public Account.

	2014 \$'000	2013 \$'000
<b>NOTE 5: COMPETITIVE NEUTRALITY - Expenses and dividend declared</b>		
State tax equivalent expense	3,692	3,735
Commonwealth tax equivalent expense	3,623	1,264
Dividend declared	5,025	1,715
<b>Total competitive neutrality expense</b>	<b>12,340</b>	<b>6,714</b>

## NOTE 6: CURRENT ASSETS

### 6A: Cash and cash equivalents

Cash on hand or on deposit	6,781	3,079
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### 6B: Trade and other receivables

#### Goods & Services

Goods and services - related entities	3,561	2,791
Goods and services - external entities	967	457
<b>Total goods &amp; services (gross)</b>	<b>4,528</b>	<b>3,248</b>
Impairment allowance - goods and services	(36)	(36)
<b>Total goods &amp; services (net)</b>	<b>4,492</b>	<b>3,212</b>

#### Other Receivables

Interest receivable	608	416
GST receivable from the Australian Tax Office	355	472
<b>Total other receivables</b>	<b>963</b>	<b>888</b>

<b>Total trade and other receivables (net)</b>	<b>5,455</b>	<b>4,100</b>
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Trade and other receivables (gross) aged as follows:

Not overdue	5,259	4,000
Overdue by:		
0 to 30 days	203	85
30 to 60 days	14	11
61 to 90 days	8	5
More than 90 days	7	35
<b>Total trade and other receivables (gross)</b>	<b>5,491</b>	<b>4,136</b>

The impairment allowance is aged as follows:

Overdue by:		
0 to 30 days	-	-
30 to 60 days	-	-
61 to 90 days	(4)	(1)
More than 90 days	(32)	(35)
<b>Total impairment allowance - goods and services</b>	<b>(36)</b>	<b>(36)</b>

All receivables are expected to be recovered in no more than 12 months.

Reconciliation of the impairment allowance:

Opening balance	(36)	(36)
Amounts written off	-	-
Decrease recognised as an expense	-	-
<b>Closing balance</b>	<b>(36)</b>	<b>(36)</b>

Australian Hearing terms of payment are 30 days from date of invoice, 14 days for OHS Claims for Payment.

	2014 \$'000	2013 \$'000
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### 6C: Inventories

Inventories held for sale	2,561	2,632
Inventories held for distribution	793	597
<b>Total inventories</b>	<b>3,354</b>	<b>3,229</b>
Provision for obsolescence	(544)	(522)
<b>Total inventories</b>	<b>2,810</b>	<b>2,707</b>

Inventory held for sale that was recognised as an expense	51,073	54,285
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No items of inventory were recognised at fair value less cost to sell.  
All inventories are expected to be sold or distributed in the next 12 months.

### 6D: Work in progress

Services in progress	3,649	3,082
Provision for non-recoverable	(106)	(105)
<b>Total work in progress</b>	<b>3,543</b>	<b>2,977</b>

Work in progress is expected to be settled within 12 months.

### 6E: Other current assets

Other revenue receivable	410	183
Prepayments	2,376	2,089
<b>Total other current assets</b>	<b>2,786</b>	<b>2,272</b>

Other current assets are expected to be settled within 12 months.

### 6F: Investments under s.18 of the CAC Act

Deposits	55,500	48,000
<b>Total Investments under s.18 of the CAC Act</b>	<b>55,500</b>	<b>48,000</b>

Investments are expected to be settled within 12 months.

2014	2013
\$'000	\$'000

## NOTE 7: PROPERTY, PLANT AND EQUIPMENT

### 7A: Land and buildings

Freehold land	950	950
Buildings on freehold land	180	180
Accumulated depreciation	(53)	(53)
<b>Total buildings on freehold land</b>	<b>127</b>	<b>127</b>
Leasehold improvements at cost	30,210	27,943
Accumulated depreciation	(19,155)	(17,253)
<b>Total leasehold improvements</b>	<b>11,055</b>	<b>10,690</b>
<b>Total land and buildings</b>	<b>12,132</b>	<b>11,767</b>

No indicators of impairment were found for land and buildings.

No land or buildings are expected to be sold or disposed of within the next 12 months.

### 7B: Property, Plant and equipment

Property, Plant and equipment at cost	31,771	30,999
Accumulated depreciation	(21,369)	(19,762)
<b>Total Property, plant and equipment</b>	<b>10,402</b>	<b>11,237</b>

No indicators of impairment were found for property, plant & equipment.

No property, plant & equipment is expected to be sold or disposed within next 12 months.

## 7C: Reconciliation of the opening and closing balances of property, plant and equipment

2013/14	LAND	BUILDINGS	BUILDINGS -	TOTAL	OTHER
	LAND	ON FREEHOLD	LEASEHOLD	LAND AND	PROPERTY
	\$'000	LAND	IMPROVEMENTS	BUILDINGS	PLANT AND
		\$'000	\$'000	\$'000	EQUIPMENT
					\$'000
<b>As at 1 July 2013</b>					
Gross book value	950	180	27,943	29,073	30,999
Accumulated depreciation	-	(53)	(17,253)	(17,306)	(19,762)
<b>Total as at 1 July 2013</b>	<b>950</b>	<b>127</b>	<b>10,690</b>	<b>11,767</b>	<b>11,237</b>
Additions	-	-	2,655	2,655	3,598
Depreciation expense	-	-	(2,272)	(2,272)	(4,095)
Written down value of disposals	-	-	(18)	(18)	(338)
<b>Total as at 30 June 2014</b>	<b>950</b>	<b>127</b>	<b>11,055</b>	<b>12,132</b>	<b>10,402</b>
<b>As at 30 June 2014</b>					
Gross book value	950	180	30,210	31,340	31,771
Accumulated depreciation	-	(53)	(19,155)	(19,208)	(21,369)
<b>Total as at 30 June 2014</b>	<b>950</b>	<b>127</b>	<b>11,055</b>	<b>12,132</b>	<b>10,402</b>

2012/13	LAND	BUILDINGS	BUILDINGS -	TOTAL	OTHER
	LAND	ON FREEHOLD	LEASEHOLD	LAND AND	PROPERTY
	\$'000	LAND	IMPROVEMENTS	BUILDINGS	PLANT AND
		\$'000	\$'000	\$'000	EQUIPMENT
					\$'000
<b>As at 1 July 2012</b>					
Gross book value	950	180	24,553	25,683	37,204
Accumulated depreciation	-	(52)	(18,871)	(18,923)	(23,364)
<b>Total as at 1 July 2012</b>	<b>950</b>	<b>128</b>	<b>5,682</b>	<b>6,760</b>	<b>13,840</b>
Additions	-	-	7,819	7,819	2,649
Depreciation expense	-	(1)	(2,811)	(2,812)	(4,869)
Transfers	-	-	-	-	-
Written down value of disposals	-	-	-	-	(383)
<b>Total as at 30 June 2013</b>	<b>950</b>	<b>127</b>	<b>10,690</b>	<b>11,767</b>	<b>11,237</b>
<b>As at 30 June 2013</b>					
Gross book value	950	180	27,943	29,073	30,999
Accumulated depreciation	-	(53)	(17,253)	(17,306)	(19,762)
<b>Total as at 30 June 2013</b>	<b>950</b>	<b>127</b>	<b>10,690</b>	<b>11,767</b>	<b>11,237</b>

	2014 \$'000	2013 \$'000
<b>NOTE 8: INTANGIBLE ASSETS</b>		
<b>8A: Intangible assets</b>		
Computer software	10,729	24,636
Accumulated amortisation	(6,224)	(18,690)
<b>Total intangibles</b>	<b>4,505</b>	<b>5,946</b>

No indicators of impairment were found for Intangible Assets.

No intangible assets are expected to be sold or disposed of within the next 12 months.

#### 8B: Reconciliation of the opening and closing balances of intangible assets

2013-14	COMPUTER SOFTWARE INTERNALLY DEVELOPED \$'000	COMPUTER SOFTWARE PURCHASED \$'000	TOTAL \$'000
<b>As at 1 July 2013</b>			
Gross book value	16,775	7,861	24,636
Accumulated amortisation and impairment	(12,488)	(6,202)	(18,690)
<b>Total as at 1 July 2013</b>	<b>4,287</b>	<b>1,659</b>	<b>5,946</b>
Additions	264	488	752
Amortisation expense	(1,202)	(829)	(2,031)
Written down value of disposals	(112)	(50)	(162)
<b>Total as at 30 June 2014</b>	<b>3,237</b>	<b>1,268</b>	<b>4,505</b>
<b>As at 30 June 2014</b>			
Gross book value	6,268	4,461	10,729
Accumulated amortisation and impairment	(3,031)	(3,193)	(6,224)
<b>Total as at 30 June 2014</b>	<b>3,237</b>	<b>1,268</b>	<b>4,505</b>

2012-13	COMPUTER SOFTWARE INTERNALLY DEVELOPED \$'000	COMPUTER SOFTWARE PURCHASED \$'000	TOTAL \$'000
<b>As at 1 July 2012</b>			
Gross book value	15,588	7,281	22,869
Accumulated amortisation	(11,258)	(5,137)	(16,395)
<b>Total as at 1 July 2012</b>	<b>4,330</b>	<b>2,144</b>	<b>6,474</b>
Additions	1,186	591	1,777
Amortisation expense	(1,229)	(1,070)	(2,299)
Written down value of disposals	-	(6)	(6)
<b>Total as at 30 June 2013</b>	<b>4,287</b>	<b>1,659</b>	<b>5,946</b>
<b>As at 30 June 2013</b>			
Gross book value	16,775	7,861	24,636
Accumulated amortisation and impairment	(12,488)	(6,202)	(18,690)
<b>Total as at 30 June 2013</b>	<b>4,287</b>	<b>1,659</b>	<b>5,946</b>

	2014 \$'000	2013 \$'000
<b>NOTE 9: TAX ASSETS</b>		
Deferred tax assets	11,345	11,378
<b>NOTE 10: PAYABLES</b>		
<b>10A: Trade and other payables</b>		
Trade creditors and accrued expenses	9,434	8,350
Salaries and wages	6,284	5,031
Lease incentives	8,256	7,171
<b>Total payables</b>	<b>23,974</b>	<b>20,552</b>
Trade and other payables is expected to be settled in:		
Less than 12 months	16,275	13,860
More than 12 months	7,699	6,692
<b>Total payables</b>	<b>23,974</b>	<b>20,552</b>
<b>10B: Deferred revenue</b>		
Maintenance and Hearing Services Card	15,871	15,739
Research revenue	181	61
<b>Total deferred revenue</b>	<b>16,052</b>	<b>15,800</b>
Deferred revenue is expected to be settled in:		
Less than 12 months	16,052	15,800
More than 12 months	-	-
<b>Total deferred revenue</b>	<b>16,052</b>	<b>15,800</b>
<b>10C: Income tax equivalent payable</b>		
Income tax equivalent payable	3,225	1,360
Income tax payable is expected to be settled within 12 months.		
<b>10D: Dividend payable</b>		
Dividend payable to the Australian Government	4,547	1,394
Dividend payable is expected to be settled within 12 months.		

	2014 \$'000	2013 \$'000
<b>NOTE 11: PROVISIONS</b>		
<b>11A: Total provisions</b>		
Current provision for leave	8,126	7,891
Current provision for restoration obligations	1,919	1,903
Current provision for separations and redundancies	66	969
<b>Total current provisions</b>	<b>10,111</b>	<b>10,763</b>
Non-current provision for leave	10,335	10,535
Non-current provision for restoration obligations	4,671	4,537
<b>Total non-current provisions</b>	<b>15,006</b>	<b>15,072</b>
<b>Total provisions</b>	<b>25,117</b>	<b>25,835</b>
<b>11B: Employee provisions</b>		
Current provision for leave	8,126	7,891
Non-current provision for leave	10,335	10,535
Current provision for separations and redundancies	66	969
<b>Total employee provisions</b>	<b>18,527</b>	<b>19,395</b>
Employee provisions are expected to be settled in:		
Less than 12 months	6,510	7,182
More than 12 months	12,017	12,213
<b>Total employee provisions</b>	<b>18,527</b>	<b>19,395</b>
<b>11C: Restoration obligations</b>		
Current provision for restoration obligations	1,919	1,903
Non-current provision for restoration obligations	4,671	4,537
<b>Total restoration obligations</b>	<b>6,590</b>	<b>6,440</b>
Restoration obligations are expected to be wholly settled in:		
Less than 12 months	1,919	1,903
More than 12 months	4,671	4,537
<b>Total restoration obligations</b>	<b>6,590</b>	<b>6,440</b>
Reconciliation of opening and closing balances:		
Opening balance	6,440	7,226
Additional provisions made	181	273
Amounts utilised	(95)	(374)
Amounts reversed	(113)	(853)
Unwinding of discount	177	168
<b>Closing balance</b>	<b>6,590</b>	<b>6,440</b>

Australian Hearing currently has 134 (2012/13: 127) agreements for the leasing of premises which have provisions requiring Australian Hearing to restore the premises to their original condition at the conclusion of the lease. A provision has been made to reflect the present value of this obligation.

	2014 \$'000	2013 \$'000
<b>NOTE 12: RETAINED SURPLUS</b>		
Australian Hearing	41,830	38,484
National Acoustic Laboratories	514	38
	42,344	38,522

	2014 \$'000	2013 \$'000
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### NOTE 13: CASH FLOW RECONCILIATION

#### 13A: Reconciliation of cash and cash equivalents per Statement of Financial Position to Cash Flow Statement

Reported cash and cash equivalents as per:

Cash Flow Statement	6,781	3,079
Balance Sheet	6,781	3,079
Difference	-	-

#### 13B: Reconciliation of operating result to net cash from operating activities

Operating result	8,847	2,895
Adjustments for non-cash items		
Depreciation and amortisation	8,398	9,980
Finance costs	177	168
Net loss on disposal of assets	518	388
Make Good Costs	(81)	(1,212)
Movements in assets and liabilities:		
(Increase) decrease in current receivables	(1,355)	4,590
(Increase) decrease in current inventories	(103)	(112)
(Increase) decrease in other current assets	(1,080)	1,064
(Increase) decrease in deferred tax assets	33	(1,136)
Increase (decrease) in tax payable	1,865	(792)
Increase (decrease) in liabilities to suppliers	3,422	(545)
Increase (decrease) in deferred revenues	252	779
Increase (decrease) in other current provisions	(814)	1,261
<b>Net cash from operating activities</b>	<b>20,079</b>	<b>17,328</b>

Refer to note 1.21 for further information on the change to comparative data.

	2014 Number	2013 Number
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#### NOTE 14: NON-EXECUTIVE DIRECTORS REMUNERATION

\$0 to \$29,999	4	3
\$30,000 to \$59,999	3	2
\$60,000 to \$89,999	1	1
<b>Total number of non-executive Directors</b>	<b>8</b>	<b>6</b>

	2014 \$	2013 \$
<b>Total remuneration received or due and receivable by Directors</b>	<b>233,753</b>	<b>218,999</b>

Remuneration of executive directors is included in senior executive remuneration. The Managing Director remuneration is included in Note 13 Senior Executive Remuneration. With Ministerial approval Steven Grundy retired as Managing Director on 23 October 2013 and William Davidson was appointed Managing Director on 24 October 2014.

Directors held their positions throughout the year ended 30 June 2014 and the comparative year ended 30 June 2013 except for the following: -

- Ms Kathryn Campbell was appointed as special purpose director for period 29/11/2012 to 28/11/2013. Ms Campbell is the Secretary of the Department of Human Services and receives no remuneration from Australian Hearing.
- Mr Kim Keogh retired as Director on 29 August 2013.
- Mr Kelvin Kong retired as Director on 29 August 2013.
- Ms Glenise Coulthard was appointed as a director from 30 August 2013.
- Ms Sandra Andersen was appointed as a director from 30 August 2013.

There were no other transactions with directors or director-related entities during the year.

2014	2013
\$'000	\$'000

## NOTE 15: SENIOR EXECUTIVE REMUNERATION

### 15A : Senior Executive Remuneration Expenses for the Reporting Period

Key management personnel compensation:

	2014	2013
	\$'000	\$'000
<b>Short-term employee benefits</b>		
Salary	2,251,627	2,167,285
Performance bonuses	760,106	724,691
<b>Total short-term employee benefits</b>	<b>3,011,733</b>	<b>2,891,976</b>
<b>Post-employment benefits</b>		
Superannuation	287,445	231,886
<b>Total post-employment benefits</b>	<b>287,445</b>	<b>231,886</b>
<b>Other long-term employee benefits</b>		
Annual leave accrued	(81,709)	77,588
Long- service leave	(258,519)	199,202
<b>Total other long-term employee benefits</b>	<b>(340,228)</b>	<b>276,790</b>
<b>Termination benefits</b>		
Total termination benefits	830,569	-
<b>Total senior executive remuneration expenses</b>	<b>3,789,519</b>	<b>3,400,652</b>

The above has been prepared on an accrual basis and therefore may differ to the tables below.

The above also excludes acting arrangements and part year service where the total remuneration expensed is less than \$195,000.

## 15B: Average annual reportable remuneration paid to substantive senior executives during the reporting period

2013-14	Senior executives No	Reportable salary \$	Contributed superannuation \$	Reportable allowances \$	Bonus paid \$	Total Reportable Remuneration \$
Total remuneration (including part-time arrangements)						
\$255000 to \$284999	0	-	-	-	-	-
\$285000 to \$314999	1	232,593	40,166	21,014	6,995	300,768
\$315000 to \$344999	1	269,901	19,200	10,197	28,257	327,555
\$345000 to \$374999	3	230,075	38,522	26,910	68,517	364,024
\$375000 to \$404999	0	-	-	-	-	-
\$405000 to \$434999	3	307,130	19,823	12,111	73,710	412,774
\$435000 to \$464999	0	-	-	-	-	-
\$465000 to \$494999	0	-	-	-	-	-
\$495000 to \$524999	0	-	-	-	-	-
\$525000 to \$554999	0	-	-	-	-	-
\$555000 to \$584999	1	273,512	43,528	26,914	235,308	579,262
\$585000 to \$614999	1	522,250	12,112	12,111	62,866	609,339
<b>Total number of substantive senior executives</b>	<b>10</b>					

2012-13	Senior executives No	Reportable salary \$	Contributed superannuation \$	Reportable allowances \$	Bonus paid \$	Total Reportable Remuneration \$
Total remuneration (including part-time arrangements)						
\$255000 to \$284999	1	153,247	19,794	26,914	59,484	259,439
\$285000 to \$314999	3	185,750	23,736	26,784	69,148	305,418
\$315000 to \$344999	3	213,289	24,971	26,914	66,448	331,622
\$345000 to \$374999	0	-	-	-	-	-
\$375000 to \$404999	0	-	-	-	-	-
\$405000 to \$434999	1	303,619	35,476	29,457	54,867	423,419
\$435000 to \$464999	0	-	-	-	-	-
\$465000 to \$494999	0	-	-	-	-	-
\$495000 to \$524999	1	262,719	30,694	26,914	203,553	523,880
<b>Total number of substantive senior executives</b>	<b>9</b>					

- This table reports substantive senior executives who received remuneration during the reporting period. Each row is an averaged figure based on headcount for individuals in the band.
- 'Reportable salary' includes the following:
  - gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column);
  - reportable fringe benefits (at the net amount prior to 'grossing up' for tax purposes);
  - reportable employer superannuation contributions; and d) termination benefits.
- The 'contributed superannuation' amount is the average cost to the entity for the provision of superannuation benefits to substantive senior executives in that reportable remuneration band during the reporting period.
- 'Reportable allowances' are the average actual allowances paid as per the 'total allowances' line on individuals' payment summaries.
- 'Bonus paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band. The 'bonus paid' within a particular band may vary between financial years due to various factors such as individuals commencing with or leaving the entity during the financial year.

**15C: Average Annual Reportable Remuneration paid to other highly paid employees during the reporting period**

2013-14	Employees No	Reportable salary \$	Contributed superannuation \$	Reportable allowances \$	Bonus paid \$	Total Reportable Remuneration \$
Total remuneration (including part-time arrangements)						
\$195000 to \$224999	9	154,515	22,289	8,859	22,416	208,079
\$225000 to \$254999	5	177,285	23,472	7,974	25,593	234,324
\$255000 to \$284999	2	243,768	8,827	40	5,030	257,665
\$285000 to \$314999	1	279,537	16,747	-	10,428	306,712
\$315000 to \$344999	0	-	-	-	-	-
\$345000 to \$374999	0	-	-	-	-	-
\$405000 to \$434999	2	384,634	11,209	2,760	22,683	421,286
<b>Total number of highly paid employees</b>	<b>19</b>					

2012-13	Employees No	Reportable salary \$	Contributed superannuation \$	Reportable allowances \$	Bonus paid \$	Total Reportable Remuneration \$
Total remuneration (including part-time arrangements)						
\$195000 to \$224999	7	157,810	20,095	11,331	23,492	212,728
<b>Total number of highly paid employees</b>	<b>7</b>					

1. This table report staff.

- a) who were employed by the entity during the reporting period;
- b) whose reportable remuneration was \$195,000 or more for the reporting period; and
- c) were not required to be disclosed in Table B or director disclosure .
- d) Each row is an averaged figure based on headcount for individuals in the band.

2. 'Reportable salary' include the following:

- a) gross payments (less any bonuses paid, which are separated out and disclosed in the "bonus paid" column;
- b) reportable fringe benefit (at the net amount prior to "grossing up" for tax purposes);
- c) reportable employer superannuation contribution;and
- d) termination benefits

3. The 'contributed superannuation' amount is the average cost to the entity for the provision of superannuation benefits to other highly paid staff in that reportable remuneration band during the reporting period.

4.'Reportable allowances' are the average actual allowances paid as per the 'total allowances' line on individuals' payment summaries.

5.'Bonus paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band. The 'bonus paid' within a particular band may vary between financial years due to various factors such as individuals commencing with or leaving the entity during the financial year.

2014  
\$2013  
\$**NOTE 16: REMUNERATION OF AUDITORS**

Financial statement audit services are provided to Australian Hearing by the Australian National Audit Office

Fees for the audit of the financial statements	118,000	115,000
Other Services	7,450	-
	125,450	115,000

Other Services includes an agreed upon procedures engagement on CSO Financial Report. Work carried out included audit planning.

**NOTE 17: UNQUANTIFIABLE CONTINGENCIES**

Subsequent to year end, a recent Statement of Claim was filed against Australian Hearing. Australian Hearing insurers have been notified of the claim. Australian Hearing expects to be covered by insurance for any potential settlement amounts other than excess on its insurance policy. Australian Hearing has no other contingent liabilities. Australian Hearing has no contingent assets.

2014  
\$'0002013  
\$'000**NOTE 18: FINANCIAL INSTRUMENTS****18A: Categories of financial instruments**

Financial assets		
Cash on hand or on deposit	6,781	3,079
Trade and other receivables	5,100	3,628
Term deposits	55,500	48,000
Carrying amount of financial assets	67,381	54,707

Financial liabilities		
Financial liabilities measure at amortised cost		
Trade creditors	9,434	8,350
Carrying amount of financial liabilities	9,434	8,350

**18B: Net gain or losses on financial instruments  
Held-to-maturity**

held-to-maturity investments		
Interest revenue	2,095	2,228
Net gain/(losses) on held-to-maturity investments	2,095	2,228

### **18C: Fair value of financial instruments**

The carrying amount of financial instruments presented in Australian Hearing's Statement of Financial Position approximate their fair value amount in both the current and the immediately preceding reporting periods.

### **18D: Credit risk**

Australian Hearing is a wholly owned Australian Government entity, which is primarily funded by competing for revenue via the Government's voucher scheme for the provision of hearing services. Its exposure to risk is primarily related to credit risk on trade receivables although this risk is minimal in terms of its operations.

The majority of goods and services provided by Australian Hearing are delivered on behalf of other government entities and there is therefore minimal exposure to credit risk. Australian Hearing's senior management has implemented policies and procedures for debt management (including the provision of credit terms) to reduce the incidence of credit risk. Australian Hearing manages its credit risk, inter alia, by undertaking background and credit checks prior to allowing a debtor relationship.

The carrying amount of financial assets, net of impairment losses, reported in the Statement of Financial Position represents Australian Hearing's maximum exposure to credit risk.

Australian Hearing holds no collateral to mitigate credit risk and has no significant exposures to any concentrations of credit risk.

### **18E: Liquidity risk**

Australian Hearing's financial liabilities comprise trade creditors who are payable usually within 30 days. The exposure to liquidity risk is based on the notion that Australian Hearing will encounter difficulty in meeting its obligations associated with its financial liabilities. This is considered unlikely as Australian Hearing maintains sufficient reserves of cash to meet its obligations as they fall due and prepares detailed business plans annually to ensure it has adequate funds to meet future payments as they fall due. In addition, Australian Hearing has policies in place to ensure timely payments are made when due and has no past experience of defaults.

### **18F: Market risk**

Australian Hearing holds basic financial instruments that do not expose the Authority to certain market risks. Australian Hearing is not exposed to 'currency risk' or 'other price risk'.

## **NOTE 19: EVENTS AFTER THE REPORTING PERIOD**

The Australian Government has commenced a Scoping Study into the future of Australian Hearing. The Government will consider the recommendations of the scoping studies in the context of the 2015-16 Budget. This will allow the Government to make an informed decision regarding the most appropriate future ownership or delivery arrangements for an entity or function. At the date of signing the Financial Statements, an estimate of the financial effects cannot be made.

# Appendices

## FOR THE YEAR ENDED 30 JUNE 2014

### Appendix 1: Freedom of Information

Australian Hearing is subject to the *Freedom of Information Act 1982* (FOI Act) and under Part II is required to publish information to the public as part of the Information Publication Scheme (IPS). Australian Hearing's plan showing what information it publishes in accordance with the IPS is located at [www.humanservices.gov.au/corporate/freedom-of-information/](http://www.humanservices.gov.au/corporate/freedom-of-information/)

As part of the IPS, Australian Hearing is required to publish on a website information about its structure, functions and statutory appointments. Australian Hearing 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.

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

The FOI Officer

Australian Hearing  
Level 5, 16 University Avenue  
Macquarie University NSW 2109

Telephone: (02) 9412 6800  
Fax : (02) 9412 6754  
TTY: (02) 9412 6802

Email : [FOI@hearing.com.au](mailto:FOI@hearing.com.au)

### Appendix 2: Program performance reporting

Australian Hearing program activities for 2013/14 were reported to Government within performance reporting for the Health portfolio, Outcome 7 – Hearing Services.

### Appendix 3: Commonwealth disability strategy

The Commonwealth Disability Strategy has been overtaken by the National Disability Strategy 2010-2020, which sets out a ten year national policy framework to improve the lives of people with disability, promote participation and create a more inclusive society. A high level two-yearly report will track progress against each of the six outcome areas of the Strategy and present a picture of how people with disability are faring. The first of these reports will be available in late 2014, and can be found at [www.dss.gov.au](http://www.dss.gov.au).

Australian Hearing, in its capacity as service provider and employer, supports the National Disability Strategy to improve the lives of people with disability, promote participation and create a more inclusive society.

### Appendix 4: Ministerial directions and other statutory requirements

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

- *Australian Hearing Services Act 1991*.
- *Commonwealth Authorities and Companies Act 1997*.
- *Work Health and Safety Act 2011*.
- *The Environment Protection and Biodiversity Conservation Act 1999*.

No Ministerial directions were issued during the year 2013/14. No General Policy Orders were applied to Australian Hearing.

### Appendix 5: Related entity transactions

During the year Australian Hearing has not entered into any procurement or grant transactions with a company where a Director of Australian Hearing is also a Director of the other company, where the value of the transaction was at least \$10,000 (GST Inclusive).

## Appendix 6: Environment

Australian Hearing is committed to contributing towards ecologically sustainable development (ESD) and improving its environmental performance.

Australian Hearing is committed to achieving the environmental targets set by the Australian Government for energy use, resource consumption and waste.

Australian Hearing also supports the mandatory environmental standards set by the Australian Government for procurement processes, which are intended to drive performance, resource efficiency and innovation in supply chains and across industry.

As part of our commitment the following measures were taken to minimise the effect of activities on the environment:

Activity	Measures
Building Operations	<p>Landlord and tenant obligations under a Green Lease Schedule improved energy efficiency in the premises and building at the Australian Hearing Hub by implementing an Energy Management Plan which supports the requirements and objectives of the Australian Government Operations Energy Efficiency Policy.</p> <p>Our cleaning contractors provide environmentally friendly tissue paper (toilet paper and towels) and cleaning products.</p>
Motor Vehicle Travel	<p>We promoted the leasing of Australian-made, value for money, environmentally friendly vehicles for fleet use, particularly four cylinder vehicles or vehicles with a high Green Vehicle Guide rating. We also promoted the use of energy efficient fuels such as LPG and diesel and the use of ethanol blended fuels (E10)</p>
Air Travel	<p>We promoted and supported the use of video and phone conferencing instead of staff using air travel</p>
Information and Communications Technology (ICT)	<p>We have virtualised around 97.5% of Wintel Server workload and 95% of Unix Server workload.</p> <p>As a result of datacentre consolidation and relocation, energy efficiencies have been realised with further energy efficiencies expected when we replace our EMC disk storage unit with a Solid State storage unit.</p> <p>Most personal computers are manually shutdown and all monitors are being put into sleep mode after 10 minutes of inactivity.</p> <p>Personal computer and monitors that have been refreshed and are all eco and power saving compliant.</p> <p>Rationalisation of printers and multifunction devices continues and is part of our BAU process.</p> <p>Paper reduction technology was introduced to our printers to further reduce consumption of paper.</p> <p>Electronic case note technology introduced to reduce reliance on paper.</p>
Stationery including paper	<p>All copier paper has been replaced with 100% recycled copy paper containing 100% post consumer waste content paper for use in printers, photocopiers and multifunction devices. The copy paper is certified by the Forest Stewardship Council.</p>
Contracts with suppliers/Service providers	<p>Environmental Management clauses continue to be included in contracts with suppliers to improve the environmental performance of products and suppliers. This may cover issues such as using 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</p>

# Glossary

<b>AHSPIA</b>	Australian Hearing Specialist Program for Aboriginal and Torres Strait Islanders.
<b>APS</b>	Australian Public Service.
<b>ASA</b>	Audiological Society of Australia.
<b>Audiologist</b>	A university qualified professional who treats clients for hearing disorders.
<b>Audiometrist</b>	A clinician who has completed a certificate course in hearing assessment, hearing aid fitting and management.
<b>BTE</b>	Behind-the-ear hearing aid.
<b>CALD</b>	Culturally and linguistically diverse.
<b>Clinician</b>	An Audiologist or Audiometrist.
<b>CDEP</b>	Community Development Employment Project.
<b>Corporate plan</b>	A document detailing Australian Hearing's strategic direction that the agency is required to prepare for the Minister for Human Services.
<b>CSO</b>	Community Service Obligations.
<b>DHS</b>	Department of Human Services.
<b>EBITDA</b>	Earnings before interest, tax, depreciation and amortisation.
<b>FM</b>	Frequency Modulation (system).
<b>FTE</b>	Full-time equivalent.
<b>Greenfleet</b>	A 'not-for-profit' organisation which encourages other organisations and individuals to avoid and reduce greenhouse gas emissions and 'offset' any remaining emissions by planting native forests.
<b>Hearing centres</b>	Australian Hearing's service outlets and point of contact for clients.

<b>NAL</b>	National Acoustic Laboratories.
<b>Network</b>	Australian Hearing centres across Australia.
<b>OHS</b>	Office of Hearing Services. A unit within the Department of Health that administers and regulates the Australian Government's Hearing Services Program.
<b>Permanent site</b>	A permanently staffed hearing centre offering services between 9.30am and 4.30pm Monday to Friday, with a qualified practitioner present at least 40% of time averaged over any fortnightly period.
<b>Quality Framework</b>	A foundation for implementing quality management standards in order to improve products, services and processes and meet customer requirements.
<b>RAP</b>	Reconciliation Action Plan.
<b>Remote site</b>	A location providing for assessment, device fitting and rehabilitation, situated in a locality determined by OHS as being disadvantaged by restricted accessibility of goods and services.
<b>Sound-attenuating booth</b>	A specially constructed room or booth used for hearing tests so that outside noises do not interfere with the testing and results.
<b>Visiting site</b>	A location with appropriate facilities for assessment, device fitting and rehabilitation. Site must be attended by a qualified practitioner on a regular basis of at least one half day per month.
<b>Voucher</b>	Certificate issued to eligible clients from OHS entitling clients to hearing assessment and rehabilitation services.
<b>WHS</b>	Work health and safety.

# Compliance Index

The index below shows compliance with information requirements contained in the Commonwealth Authorities (Annual Reporting) Orders 2011.

Commonwealth Authorities (Annual Reporting) Orders 2011	Requirements	Annual Report Page
Clause 5	Purpose	3
Clause 6	Approval by Directors	3,38
Clause 7	Exemptions	NIL
Clause 8	Parliamentary standards of presentation	YES
Clause 9 (a,b,c,d)	Plain English and clear design	YES
Clause 10	Enabling legislation	30
Clause 11	Responsible Minister	23
Clause 12 (a,b,c,d)	Ministerial directions and other statutory requirements	70
Clause 13	Information about directors	31-33
Clause 14 (a,b)	Outline of organisational structure and statement on governance	23-30 34-35 74-75
Clause 15 (a,b)	Related entity transactions	64,70
Clause 16	Key activities and changes affecting the authority	5,44,69
Clause 17 (a,b)	Judicial decisions and reviews by outside bodies	7,68
Clause 18	Obtaining information from subsidiaries	NIL
Clause 19	Indemnities and insurance premiums for officers	25
Clause 21	Index of annual report requirements	2
Clause 22	Definitions	73

## Definitions

**Annual report** means the reports the Directors of a Commonwealth authority are required to give their responsible Minister after the end of the financial year, in accordance with section 9 of the CAC Act.

**CAC Act** means the *Commonwealth Authorities and Companies Act 1997*.

**Due on 15 October** includes any later date resulting from an extension granted by a Minister under section 34C of the *Acts Interpretation Act 1901*.

**Finance Minister** means the Minister responsible for the Finance portfolio.

**Finance statements requirement.** The annual report must include financial statements prepared by the Directors (clause 2 of Schedule 1 of the CAC Act) and the Auditor-General's report on those financial statements.

**Financial year** means the period of a year being reported upon (typically commencing on 1 July and ending on 30 June).

**Responsible Minister** means the Minister with portfolio responsibility for the Commonwealth authority.

# Customer access

## More locations, better hearing centres

As at 30 June 2014, Australian Hearing operated in 127 permanent hearing centres, 368 visiting centres, 18 remote sites, 3 hearing buses and 217 Aboriginal and Torres Strait Islander outreach sites.



# Australian Hearing centres

Permanent hearing centres.

## ACT &

### NEW SOUTH WALES

CANBERRA

ALBURY

BALLINA

BANKSTOWN

BELMONT

BLACKTOWN

BROKEN HILL

CAMPBELLTOWN

CAMPSIE

CESSNOCK

CHATSWOOD

COFFS HARBOUR

DEE WHY

DUBBO

EAST MAITLAND

GOSFORD

GRAFTON

HORNSBY

HURSTVILLE

LAKE HAVEN

LAURIETON

LISMORE

LIVERPOOL

MACQUARIE

UNIVERSITY

MAITLAND

MIRANDA

NEWCASTLE

NOWRA

ORANGE

PARRAMATTA

PENRITH

PORT MACQUARIE

SALAMANDER BAY

SHELLHARBOUR

SPRINGWOOD

SYDNEY

TAMWORTH

TAREE

TORONTO

TOUKLEY

TWEED HEADS

WAGGA WAGGA

WALLSEND

WOLLONGONG

WOY WOY

### NORTHERN TERRITORY

ALICE SPRINGS

DARWIN

### QUEENSLAND

ASPLEY

ATHERTON

BEENLEIGH

BRISBANE

BUNDABERG

CABOOLTURE

CAIRNS

CALOUNDRA

CLEVELAND

GLADSTONE

HERVEY BAY

IPSWICH

LOGAN

MACKAY

MAROOCHYDORE

MARYBOROUGH

MT GRAVATT

NOOSAVILLE

PALM BEACH

REDCLIFFE

ROBINA

ROCKHAMPTON

SHERWOOD

SOUTHPORT

TOOWOOMBA

TOWNSVILLE

WYNNUM

### SOUTH AUSTRALIA

ADELAIDE

CHRISTIES BEACH

MARION

MODBURY

WOODVILLE

### TASMANIA

BELLERIVE

BURNIE

DEVONPORT

GLENORCHY

HOBART

KINGSTON

LAUNCESTON

### VICTORIA

BALLARAT

BELMONT

BELL POST HILL

BENDIGO

BOX HILL

BROADMEADOWS

CAULFIELD

CHELTENHAM

COLAC

CRANBOURNE

CROYDON

DANDENONG

DRYSDALE

EPPING

FOREST HILL

FRANKSTON

GEELONG

GREENSBOROUGH

HAWTHORN

HORSHAM

KNOX

LILYDALE

MELBOURNE

MOONEE PONDS

MORWELL

PAKENHAM

RESERVOIR

ROSEBUD

SHEPPARTON

SUNBURY

SUNSHINE

WARRAGUL

WARRNAMBOOL

WERRIBEE

### WESTERN AUSTRALIA

BUNBURY

CANNINGTON

FREMANTLE

KARRINYUP

MANDURAH

MORLEY

PERTH

For further details of Australian Hearing centres, visiting sites and remote sites go to: [www.hearing.com.au](http://www.hearing.com.au).  
To view this report online, go to: [www.hearing.com.au/annual-reports](http://www.hearing.com.au/annual-reports)



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