



COMMONWEALTH OF AUSTRALIA

# SENATE

## Official Committee Hansard

### COMMUNITY AFFAIRS LEGISLATION COMMITTEE

**Reference: Australian Hearing Services Reform Bill 1998**

TUESDAY, 18 AUGUST 1998

CANBERRA

BY AUTHORITY OF THE SENATE  
CANBERRA 1998

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**SENATE**  
**COMMUNITY AFFAIRS LEGISLATION COMMITTEE**

**Tuesday, 18 August 1998**

**Members:** Senator Knowles (*Chair*), Senator Bartlett (*Deputy Chair*), Senators Denman, Eggleston, Forshaw and Lightfoot

**Participating members:** Senators Abetz, Brown, Colston, Cooney, Crowley, Evans, Faulkner, Gibbs, Harradine, Mackay, Margetts, Murphy, Neal, Patterson, Reynolds, West and Woodley

**Senators in attendance:** Senators Denman, Forshaw, Knowles and Lightfoot

**Terms of reference for the inquiry:**

Australian Hearing Services Reform Bill 1998

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**COMMUNITY AFFAIRS LEGISLATION  
COMMITTEE**

**Australian Hearing Services Reform Bill 1998  
CANBERRA**

**Committee met at 9.04 a.m.**

**BRADING, Mr Richard Andrew, President, SHHH Australia Inc., 1334 Pacific Highway, Turrumurra, New South Wales 2074**

**FEDER, Mrs Jean Evelyn, Board Member, Deafness Forum of Australia, and South Australian Coordinator, Parents of Hearing Impaired Children National Network, 5/75 Gladesville Boulevard, Patterson Lakes, Victoria 3197**

**ROPE, Mr Brian Charles, Chief Executive Officer, Deafness Forum of Australia, Suite 7B, 17 Napier Close, Deakin, Australian Capital Territory 2600**

**CHAIR**—The committee is taking evidence on the Australian Hearing Services Reform Bill 1998. I welcome representatives from the Deafness Forum of Australia, the Parents of Hearing Impaired Children National Network and SHHH Australia. Witnesses are reminded that evidence given to the committee is protected by parliamentary privilege. However, you are also reminded that the giving of false or misleading evidence to the committee may constitute a contempt of the Senate. The committee has before it your submissions. Do you wish to make any alterations to those submissions?

**Mr Rope**—No.

**Mr Brading**—No.

**Mrs Feder**—No.

**CHAIR**—I invite you now to make a short opening statement, at the conclusion of which I will invite senators to ask you questions.

**Mr Rope**—I want to note that the Deafness Forum seeks wherever possible to be represented by people who have the hearing impairment or deafness that we are talking about. So we would have preferred to have our hearing impaired chairperson Cath Bonnes present today rather than myself. Cath is a member of the Hearing Services Advisory Committee and felt it was inappropriate to be here today because of that, so she asked me to represent her.

Since a primary matter concerning consumers is the future of children's services, Cath also requested that Jean Feder join me in representing the forum and that is why Jean is here today wearing the two hats. Richard Brading is the President of SHHH, which is another organisation member of the Deafness Forum. So in a sense we very much feel that we are a team here today appearing before you.

The Forum wants to emphasise that, regardless of what we have said in our submission and what we say today, we are not here representing Australian Hearing Services or for that matter any other organisation with a particular interest. We are here and have lodged our written submission to provide evidence on behalf of our primary constituency—that is, people with a hearing impairment who consume the services provided by Australian Hearing Services and by private providers.

Many consumers would have been perfectly happy had Australian Hearing Services continued to be the sole provider of the government services. Some of them are concerned or confused as a result of the changes that have been introduced so far, and consumer representatives who take a particular interest in the details of the scheme have observed with varying degrees of concern the changes that have been made.

Parents of children with a hearing impairment have expressed their strong confidence in Australian Hearing Services and their fears that any changes to arrangements in that area will downgrade an existing perfectly good system. As we have said in our written submission,

consumers do not believe political assurances that any future changes will be made only if comprehensive evaluations and consultations demonstrate that there will be improvements. The introduction of legislation that fails to spell out the community service obligations of Australian Hearing Services has done nothing to allay the fears of consumers and parents. With those introductory remarks, I think it is probably best if I leave it to Jean and Richard to elaborate on some of the particular areas of concern.

**Mrs Feder**—I am here in my capacity as a board member of the Deafness Forum representing parents and also as the state coordinator for the Parents of Hearing Impaired Children National Network. Eighteen years ago my son was diagnosed as having a hearing impairment and we became clients of Australian Hearing Services or NAL as it was then. Even though it was so many years ago, I can still recall the many and varied emotions that beset us at that time—disbelief, anger, grief and a complete sense of helplessness. Into our world came many professionals who were experts in the area and they came with copious literature, lots of contact names and lots of advice. To say we were confused would be putting it mildly.

One of the experts we were eventually directed to was the Australian Hearing Services and, for the next crucial years, they became familiar faces and a focal point to concentrate on. Sometimes we would visit them weekly, as hearing moulds kept whistling and worried parents needed reassurance. Once our son started school, they were not only a help to the parents but a help to the school and to the teachers of the deaf. When our son decided to reject his FM system, Australian Hearing Services suggested other means of communication that would help him in the classroom and, again, worked closely with the school. My son is now in first year university and he is able to access education and a career because of expert help at an early age.

I believe you have received many submissions from parent groups around Australia, and I have also had contact with many of them. I would have to say that all the parents and the groups I have spoken to are unanimous in the belief that the choice of a provider for their child is Australian Hearing Services. That is not to say that we think Australian Hearing Services is perfect. As parents, we would always wish for more and there are areas that definitely do need looking at—in particular, more assistance for cochlear implantees and a specific charter to include children who have a conductive hearing loss and families who live in remote areas. These are areas which are mainly to do with budget restrictions and parents are concerned that, because these areas are not profitable, they will diminish.

Parents who have hearing impaired children Australia wide need one focal point for hearing aid and assistive devices for their children. Decentralisation would mean confusion and disarray. With one service provider, you can access statistical information which aids educational and medical planning. The teachers of the deaf are able to zone in on one central area when children under their care have problems in the classroom and this in turn creates a network, whose importance should not be underestimated. I can imagine the utter confusion and helplessness of parents if, in the future when they are diagnosed with a hearing impaired child, along with the many other professionals, advice and paperwork they are given, they are handed a voucher and a booklet which lists service providers' names and told to go shop around.

The expertise of paediatric audiology is something which takes years to build-up. Australian Hearing Services is unique. You do have a service which works and gives parents and their hearing impaired children the security, stability and reassurance that they need. Australian Hearing Services gives all Australian children with a hearing loss an even playing field. In the words of our president, 'If it ain't broke, don't fix it.'

**Mr Brading**—I did not know we were a republic yet, but I am obviously behind the times. I am the President of SHHH and perhaps the only hearing impaired consumer you are going to see today. SHHH is a bit of a mouthful and stands for Self Help for Hard of Hearing. We are a community organisation. As Brian mentioned, we are a member of the Deafness Forum and we work close to other organisations, such as Jean's. You will be hearing from a number of people in relation to children, so I will not take too much time except to say that we do agree with the things that have been said by Brian, Jean and others this morning.

I would like to say a few things about Australian Hearing Services. Australian Hearing Services is generally regarded as a world leader in the provision of hearing services for the hearing impaired, particularly its research wing. The National Acoustics Laboratories is acclaimed by all, both in Australia and overseas, for the work that it has done. It commenced in the postwar period and initially was of great assistance to various military organisations in helping people who had suffered hearing loss in the military and preventing it. In more recent times, it has progressed to working in an integrated fashion with other services, such as children, Aboriginals, Torres Strait Islanders, seniors and others who obtain services through Australian Hearing Services.

It was back in 1995 that the previous federal government kicked off the hearing services review with some Canberra consultants who produced a fairly thick report, which I hope you have seen. It analysed in some detail Australian Hearing Services and its unusual market. Australian Hearing Services has perhaps the world's largest contract for the purchase of hearing aids. It manufactures them up in Brisbane and they are generally regarded as being of excellent quality.

The benefit of the contract that Australian Hearing Services has is to enable the purchase of hearing aids at a very low cost. That produced all sorts of tensions and politicking before and since that report simply because we are a free market economy, and to have a government provider providing excellent quality at a lower cost than the competition is something that has stirred people in all sorts of directions.

However, from the point of view of consumers, we are primarily concerned with a health outcome and we are interested in quality rather than price. We accept that there are limited resources, but we are concerned to protect a section of community which is vulnerable. We are talking about children and their parents who are often under tremendous stress dealing with a very significant disability. We have pensioners and people on part-pensions, such as veterans. In general terms, the older you get, the more likely you are to need a hearing aid.

The most significant group are the older group who often have multiple disabilities. Something like 67 per cent of people in nursing homes need a hearing aid. Those people are not enlightened, informed consumers who are able to actively shop around. Firstly, they are often tied to their nursing home by lack of mobility, but even if they were not, how are they going to ring around if they cannot hear what people are going to say on the phone?

As far as Aboriginals and Torres Strait Islanders are concerned, hearing loss is at epidemic levels. It is estimated that about 27 per cent of Aboriginal and Torres Strait Islanders have a significant hearing loss. Our hope today is to emphasise to you folks that we need to have the community service obligations set out in concrete so that we see it as a national responsibility.

**Senator FORSHAW**—The last point you made is a theme that runs through most of the submissions that we have received. That is this concern that, if the community service obligations are left to the contract system rather than being enshrined in legislation, that will

lead to a whole raft of problems. Could you expand upon that and how you might see the CSOs being put into the legislation, assuming that this proposal goes through and AHS is fully corporatised?

**Mr Brading**—I think we need to describe the different CSOs and provide some sort of framework so that those are seen as specific goals in themselves. It will very hard to exactly pinpoint every one of the CSOs, because we have a constant process of innovation and change. But my reading of the legislation is that it is very vague as to what they are. We would prefer an analysis to be done of what Australian Hearing Services is currently doing with CSOs. For example, I could refer you to their annual report, which gives you a lot of ideas about what they do and how much they spend. Perhaps the draftsman could somehow summarise some of those points in the legislation.

**Senator FORSHAW**—There has been mention that the CSOs were in fact going to be reviewed by the government or by somebody—I am not sure which. There was a reference in recent estimates hearings that that was going to take place. Also, the parliamentary secretary when introducing this legislation said:

As well, the Office of Hearing Services, which has responsibility for managing CSOs, will draw up robust contractual arrangements with the new company which will specify the standards of service delivery and the outcomes to be achieved.

Firstly, is anyone aware of any consultation being done at the moment with organisations such as your own about the future form of CSOs? Secondly, if I can put a devil's advocate type question for the moment, why wouldn't the approach proposed by the government not be sufficient to ensure that CSOs are met—that is, rather than having them in legislation just have them in some other form, particularly in the contract?

**Mr Rope**—The concern is that simply putting a series of headings achieves nothing other than to identify the areas in which the obligations exist. As we said in our written submission, I had an oral briefing from the national manager of the Office of Hearing Services. Part of the reason for seeking that particular briefing was that, primarily, our parent groups were becoming extremely anxious about the future of children's services and could not get a straight answer as to whether children's services were going to be reviewed. When I got the briefing, and if I can just quote a little from our written submission, he said:

There is, and will be, no Review of children's services. However, there is a continuing process of hearing services reforms.

In a sense we would take the view that that is just playing with words. We understand that the government is progressively working through all of the areas which come under these headings of community service obligations and looking at how they are delivered and whether they can be delivered in a more efficient or cost effective way.

We have no problem with things being looked at, but I guess consumers really have reservations that the end result will be a good one. When the legislation simply sets out some headings, they have absolutely no confidence as to what will be delivered under those headings. To take any one example, if it is indicated that there is a community service obligation in the area of indigenous Australians, just what does that mean? What is going to be delivered—how, to whom, when and where? I think that is the point Richard was making. Unless it is somehow or other described better than it currently is in the legislation, we will not have any confidence.

You are saying, 'If the government's going to review it and OHS is going to develop a contractual arrangement, won't that cover it?' My response would be that it may do, but our

consumers lack confidence. That is really the crux of it all. It is a fear of the unknown for the future. If I could ask that these be given to you. This is a bookmark for Hearing Awareness Week, which is coming up shortly, one side of which promotes the week and the other side of which, because a lot of it was paid for by the Office of Hearing Services, promotes their services. Somebody immediately drew attention to the fact that it says 'for information about free hearing services for pensioners and veterans, ring', and it gives a number. There is no reference to children's services, which are provided free. So, again, it reinforces the fears that maybe this is predicted for the future.

**Senator FORSHAW**—I was going to go on and ask a question about children's services as well, because that again is mentioned very regularly throughout all the submissions we have. From memory I think it was the SHHH submission in which you put that it should really still be exclusively provided by the government or, I assume, OHS. Is that correct?

**Mr Brading**—Yes, that is correct, and I think Jean would agree.

**Mrs Feder**—Yes.

**Senator FORSHAW**—What is the main concern, or is there more than one concern? Is it about ultimate cost, the level of service or the fact that—as you said earlier in relating your own experience—there are particular aspects associated with hearing deficiencies in children, particularly when they first arise, that require greater understanding than may be the case down the track?

**Mrs Feder**—Because children's paediatric services is such a specialised field, you really need one focal point. If parents had three or four providers to go to, you would be splintering the service and you would have no continuity. There is also the fear that some schoolchildren would have different aids to others. Teachers at the moment have a very good idea of how to troubleshoot and they have one focal point. They can ring up one number and say, 'Someone is having problems with their aids.' If they had four, five or six different providers, it would make a great amount of difference to them. The expertise of Australian Hearing Services is so unique that to splinter it would be, I feel, a logistic nightmare for parents.

**Senator DENMAN**—As a former teacher, I am aware of hearing deficiencies that are picked up through school medical examinations. They are minor deficiencies but they are picked up quite frequently in the school system—or they were 10 years ago. Are you concerned about the sorts of services that children who are picked up in that way would receive?

**Mrs Feder**—Do you mean if there were other service providers?

**Senator DENMAN**—Yes.

**Mrs Feder**—Yes, I think I am. Once again, parents would have to choose at random from a no knowledge base. It really is like sticking a pin in the telephone book. If they are not happy, they are going to shop around, which means more disruption to the child. You need stability and security—someone who knows what they are talking about when they are dealing with children, because every month is vital in the acquisition of language. Every month you lose is another hurdle that you have to try to gain. So if you have this one solid rock that you are working from, then I think the children stand a better chance.

**Senator FORSHAW**—I will move on to something that you have touched on—and it is mentioned in the submission—which is the expertise that AHS has. There are concerns about what will happen to the research side. Could any of you elaborate a bit on how moving to a contract based system with a range of providers rather than just AHS might have a deleterious effect on research?

**Mr Brading**—The private sector is very much dominated by overseas multinationals which do some assembly and marketing of hearing aids here. They are not involved in research here to any degree that I am aware of.

NAL provides research that is useful for many areas, in particular for us consumers to understand and use hearing aids better, for hearing loss prevention and things such as the effect of mobile phones on hearing aids, and many other things. Virtually all of that research would not be done or, if it was done, would not be publicly available. AHS and NAL, being the same organisation at the moment, are able to cross-reference information. So the knowledge that AHS gains from fitting hearing aids and providing rehabilitation services to children, pensioners and Aborigines provides the base of knowledge that NAL can then use for their research and vice versa. The staff of AHS tend to be better qualified—they are university graduates, many at masters or PhD level. To split the two would mean that you would have a research organisation cut off from the mainstream which would then need to flounder around seeking to enter into contractual arrangements with private providers who jealously guard their particular technology. Hearing aids are complex, high-tech instruments now and it is very hard for the public to know what is what. A lot of stuff is being marketed as being super-duper and marvellous without necessarily having any sort of proven research foundation.

**Senator FORSHAW**—I take it from your submission and what you have put to us this morning that you are opposed to this legislation in full? Is there any aspect of the government's proposition that is acceptable and, bearing in mind that this process has started—

**Mr Brading**—We are not opposed to the corporatisation of Australian Hearing Services. What we are saying is that the voucher system is very new for pensioners. It is an area that did not come from consumers in the first place. It is an area that does have teething problems. We are saying, 'Let us see if the various government departments responsible can make the voucher system work well for pensioners and then, when it is working well, let us go on and look at these other much more tricky and controversial areas.' They are much smaller in dollar terms, and it is much more difficult to get it right.

**Mr Rope**—I would endorse that. We are not opposed to corporatisation as such. It is a matter of getting the arrangements under corporatisation correct, so that it all works well. That is where we have our concerns.

**Senator FORSHAW**—That is what I thought. I thought I had better clarify that because we started down this process a little while ago with earlier legislation which, I think, we unsuccessfully tried to stop or amend but—

**Mr Rope**—It is interesting to look at where we have got to so far. I suppose we do not have any hard evidence at this stage because it is still relatively early days with the changes that have already been effected, but there seems to be some anecdotal evidence that new clients are not as confused as those who have been around for a while. It is those who are having trouble adapting to the change, if you like, who are more confused than those who are coming in for the first time.

**Senator FORSHAW**—That is adapting to a voucher system?

**Mr Rope**—Not to a voucher system as such. Richard gave you some statistics earlier about the very high percentage of elderly people who suffer a hearing impairment. Some older people are more readily confused than others; they are not sure. I could illustrate it with my own mother-in-law who firmly believes that her new hearing aid was provided to her by Australian Hearing Services. It was not; it came from a private provider. She simply does not understand that things have changed. They get this massive documentation and she cannot follow it.

That is not necessarily a bad thing, but it illustrates the potential for confusion. I think that Jean's real concern is that the parents of new child clients, who have no previous experience of the problem and are fearful of what it means for their children, will have no idea where to turn. They will be faced with this directory which says, 'Choose from one of these people,' and they will not know where to find the expertise.

**Senator FORSHAW**—Cost has been mentioned. Have you considered the impact of the proposed tax reform package, the GST?

**Mr Rope**—We certainly have not.

**Senator FORSHAW**—I am assuming that it is exempt.

**CHAIR**—Which it is.

**Senator FORSHAW**—But, if it is not zero rated, 'exempt' does not necessarily mean that there are not costs associated with it.

**Mr Rope**—We in the Deafness Forum have not considered the issue at all. It would concern us if there was a cost increase because the cost of hearing aids and various assistive listening devices for people who are not eligible for government assistance is already beyond a large percentage of the people who need them.

**Senator FORSHAW**—Is it proposed in the legislation that the AHS, which does not pay taxes at the moment, be required to make a comparable payment? I am just trying to find it in the notes.

**Mr Brading**—There is a small annual fee in effect, covering batteries and repairs, which is part of the current system—\$25 or \$30 a year.

**Senator DENMAN**—While Michael is looking for that, can you see a way to solve the problem—if there is such a thing—of where people in nursing homes with hearing loss can go for assistance? Is there some way that that could be made easier for people in nursing homes?

**Mr Brading**—For the provider to visit the nursing homes?

**Senator DENMAN**—Yes.

**Mr Brading**—That does happen with some bigger nursing homes already. But it is not a perfect system, particularly for those in small nursing homes.

**Senator DENMAN**—They are the ones I was concerned about.

**Mr Brading**—They have a transport problem, and someone has to pay for the cost of the provider going out to the nursing home.

**Senator FORSHAW**—I cannot find the reference I was looking for. I think that completes all the questions I have.

**Senator DENMAN**—I just want to follow up on the cost of going out to the nursing home. The area where I live, on the north-west coast of Tasmania, is a fairly rural isolated area. There are very few facilities in such areas. So you are saying that it could be more costly to service such areas?

**Mr Brading**—Exactly. At the moment the Australian Hearing Services picks up people who are remote and isolated. If no-one else would service them, they will send someone—even if they have got to send them on a boat or a plane to the furthest corners of Tasmania, the Northern Territory or wherever. If the Australian Hearing Service was sold off and the whole thing was done by tender, then there would be great issues of whether any private provider

would be willing to provide that service and, if so, at what cost to the government. What happens when you have perhaps six people in a community, each of whom have got a hearing aid provided by a different company? Are all of those six companies going to send someone to the community?

**Mr Rope**—I would like to add to that. If our chairperson was here, I am sure she would want to say this to you. She is from Broken Hill, which is one of our more isolated locations. She would say to you that the service being provided in Broken Hill has reduced since the existing changes were implemented. I think she would say that that is because Australian Hearing Services has had to adapt its method of operations. They do not get in there in the same way that they used to.

I understand that they used to visit twice a month. The first visit was to take impressions and moulds, and the second was to do a fitting and so on. I believe they now only go in once a month, so people are waiting longer to be fitted and are certainly waiting longer for repairs and maintenance. The whole structure under which AHS is operating has been varied so that the points of contact have changed. This may be a shaking-down period, if you like, but it again raises this concern that at the end of the day it will be people in the remote and rural isolated areas who will end up suffering. It again points to why we are saying we think that the obligations really do need to be spelt out a lot better.

**Senator FORSHAW**—To go back to the question I asked, you might care sometime to look at clause 20 of the current bill. The current act provides that the authority does not pay state and territory taxes, but there will be an arrangement under the new company structure for the company to pay an equivalent amount, together with paying Commonwealth taxes. How that impacts in the future, your guess is as good as mine, I suppose.

**Mr Brading**—With the earlier legislation that was passed last year, one of the things that greatly concerned us was the sections that said, ‘All these marvellous things will be done subject to available finance,’ which struck us as being something quite unusual. We do not have defence force appropriations bills saying, ‘We will only buy a number of tanks depending on how much money is in the kitty.’ With hearing loss, we are talking about something where the need for services is greatly increasing, both with the ageing population and with the fact that hearing loss in the general community is increasing. Some of us in our youth having blasted our hearing with Walkmans and that sort of thing means we have done damage that is going to mean that many more of us will need hearing aids at a younger point in life. In rural areas we have got farmers who have done tremendous damage to their hearing with guns, machines and things. We have to face the fact that hearing loss is not only a huge disability in our community but one which is rapidly increasing both numerically and percentage wise, and we need to be making progress towards ensuring that there are sufficient funds to provide a basic level of hearing so that we do not have huge numbers of people totally unable to communicate.

**Senator FORSHAW**—On that, the funding has decreased under the last two budgets.

**Mr Brading**—Yes, the Commonwealth seniors health card holders were cut out and young people’s eligibility was cut from 21 years of age down to 18. After a fair bit of lobbying, it went back up to 21. From our point of view as consumers, we do not want to spend a huge amount of time fighting to keep the services that are available now. We would rather be using our resources to actually help people in need.

**CHAIR**—Can I start where Senator Forshaw finished in terms of tax. There has been much wilful misrepresentation and fearmongering in relation to the health area and the impact of

the tax package, and I want to state quite clearly that the inference that has been made that there may well be tax imposts is wrong. Hearing services will be tax free, which is not the case today. Unfortunately, we can only expect that that wilful misrepresentation will go on.

Having made that point, I want to go on to some of the other issues. I have been fascinated to read your submissions and also to listen to some of the things that you are saying. I have spent some considerable time over the last 12 months with AHS and their customers, and the overwhelming response—I should say the unanimous response—has been to congratulate AHS on the quality of its service and the quality of research and the quality of equipment it is providing.

This bill does not change the provision of hearing services, the voucher system or the CSOs. So I have become increasingly mystified, I suppose, as to why all these issues are now being raised, given that there are no changes contained in this bill.

**Mr Rope**—I will make a quick response to that. You are absolutely right that the quality of services provided by AHS is highly regarded by consumers, and I am sure that is clear from what we have said. The concern is that, in future, AHS will not be able to continue to deliver that level of service.

**CHAIR**—But why? The CSOs have not changed in this bill. Why are you suggesting that they will?

**Mr Rope**—For example, if their funding budget was to be cut—

**CHAIR**—Hypothetical?

**Mr Rope**—Hypothetical, yes.

**CHAIR**—Let us talk reality about the bill. We are talking about the bill today.

**Mr Rope**—Yes, I agree, but no government can give an absolute guarantee that at some point in time in the future there will not be a reduction in funding for a particular operation.

**CHAIR**—I could not agree more, but I am concerned about the bill that we have before us today that does not reduce funding, that does not reduce the CSOs, that does not reduce the services, and why you have the concerns about this bill into which the hearing is being conducted today.

**Mr Rope**—The bill gives us no guarantee that a particular level of community service obligation will be met. It just gives a heading. If they are not able to deliver, the first thing to be cut will inevitably be the part that costs the most to deliver.

**CHAIR**—But, Mr Rope, can you not see where I am coming from? I speak to so many people who have a hearing impairment who have used AHS and who congratulate them on the quality of the service that they are providing.

**Mr Rope**—Yes.

**CHAIR**—You have agreed with me on that score.

**Mr Rope**—And we want it to continue.

**CHAIR**—So do we. But, in relation to the hearing on this bill today, I am asking you: why are you questioning some reduction in CSOs when no reduction in the CSOs is contained in this bill and there is no intention to reduce the CSOs?

**Mr Brading**—Could I say a couple of things? This bill is really about the corporatisation of Australian Hearing Services.

**CHAIR**—That is exactly right.

**Mr Brading**—That means that it will be necessary for the government to enter into contractual relations with the corporatised body, which is something that has not happened before. Therefore, it is going to be incumbent upon the department to know what things should be included in those contractual relations to require Australian Hearing Services to provide. It would seem to me that those things need to be described so the departmental staff know what they need to be requiring of Australian Hearing Services.

At present, the situation is that there is simply a budget appropriation and Australian Hearing Services are permitted to work out what they do with that money. My understanding is that, under the corporatised body, they will be much more accountable directly to the department. I certainly appreciate your comments about Australian Hearing Services but, with respect, I have very mixed feelings about the ability and the knowledge of some of the members of the department that is overseeing this. I know they have many other responsibilities, but the fact is that I do not have the confidence that the section of the department that is responsible perhaps for drawing up these contracts have the knowledge to work it out, unless it is set out in concrete for them.

**CHAIR**—Why do you believe that the Office of Hearing Services does not have the knowledge when they are specialising in the area and every demonstration that I have had—

**Mr Brading**—Absolutely not. The Office of Hearing Services are only dealing with the voucher system and the issue of vouchers, checking to see that the voucher documentation is correct, making payments and making sure that there is no abuse of the system. They are doing that very efficiently. We are not satisfied with their response to complaints. We are particularly not satisfied that they are not doing any spot checks of providers.

They have absolutely no specific knowledge, apart from what they are bringing in with consultants, about these community service obligations. They are good administrators for what their task is, but they certainly would not have the competence to set out the requirements for Australian Hearing Services in these contractual relations.

**CHAIR**—The information that I have from hearing impaired people and providers is that complaints resolution has been speedy and efficient. I am mystified as to what many of these submissions actually refer to in relation to the corporatisation of this bill. I can only repeat that it does not deal with changing the provisions of the services, the CSOs and the vouchers.

One of the other things that Mrs Feder said was about the question of people needing one focal point. I think that in some respects that is true but, equally, as I come from the state of Western Australia, I have to tell you that a lot of people do not want one focal point. In a country as diverse and as large as Australia is, people are saying, 'Thank heaven we don't have to go to the major capital cities to access hearing services.' I know that in Western Australia, for example, there is an office opening in Bunbury, 200 kilometres from Perth, and that there is another office opening in Geraldton, which is north of Perth. Surely, having 120 providers around Australia is far superior than trying to push everyone in through the same gate?

**Mrs Feder**—Not for children.

**CHAIR**—But in the general sense of making sure that there is greater access?

**Mrs Feder**—No, I would have to disagree.

**CHAIR**—Why are those recipients who are pleased that they do not have to go to a capital city wrong and why are you right? Why are you right and why are they wrong?

**Mrs Feder**—Are the recipients parents who are going to private providers?

**CHAIR**—In many cases; it means less time off for the children, less travel and so forth. Once again, I am a bit concerned that, while this bill does not change any of that, you are asserting in your submission that this bill is going to change that in terms of the provision of children's services.

**Mrs Feder**—Perhaps we are cynical. As parents, we have to be cynical these days because so many things change so rapidly and they change before you have actually got a chance to have any input. Even the ministerial advisory committee does not have a parent representative on it.

**CHAIR**—So your submission is also hypothetical?

**Mrs Feder**—No.

**CHAIR**—Is it hypothetical in relation to this particular bill?

**Mr Rope**—With respect, I understand the point you are making about the bill but, of course, our submissions are responding to the issues which were identified for us. We have addressed some issues which somebody identified. It may well have been opposition senators who identified the issues and I understand the political issues that are here.

**CHAIR**—Not in relation to the bill, just in relation to political issues.

**Mr Rope**—Sure, but you have to understand that we are responding to some issues that were put in front of us. We are taking an opportunity to present some points which are of very real concern to us. If I can come back to our principal concern, which is about the community service obligations, there is no definition of what constitutes a child. As Richard said, there was an attempt a couple of years ago to reduce the definition of a child to somebody who was under 18 and we persuaded you to put the age back up.

**CHAIR**—Yours truly was the initiator of having it put back to 21, I might add.

**Mr Rope**—Sure, I understand that but, because there is no definition of what constitutes a child in the bill, there will be concern that it will be brought back in to bring the age back down to 18. There is no definition of what constitutes an eligible person in a remote area. We would just like to see something a bit better which we can hang on to and so know exactly what we can expect in the future.

**CHAIR**—May I thank you all for your time. Thank you very much.

[9.55 a.m.]

**LACEY, Mr Damian, Vice President and Board Member, ACROD Limited, 33 Thesiger Court, Deakin, Australian Capital Territory 2600**

**TOE, Dr Dianne, Clinical Audiologist and Research Fellow, Royal Institute for Deaf and Blind Children, 361-365 North Rocks Road, North Rocks, Sydney, New South Wales 2151**

**CHAIR**—I welcome representatives from ACROD and the Royal Institute for Deaf and Blind Children. Witnesses are reminded that the evidence given to the committee is protected by parliamentary privilege, but I also remind you that the giving of false or misleading evidence to the committee may constitute a contempt of the Senate. We have your submissions. Do you wish to make any alterations to your submissions?

**Mr Lacey**—No.

**CHAIR**—I invite you to make a brief opening statement, at the conclusion of which I will invite senators to ask you questions.

**Mr Lacey**—Thank you. In my paid life I am Chief Executive of VSDC's services for deaf children. My career spans some 22 years involvement in the not-for-profit sector working with deaf and hearing impaired people. ACROD has a large membership base of not-for-profit organisations and a significant sector is the hearing services sector. We have had a working group in this reform area for some time. I recall, Senator Knowles, our discussions about the age issue at the last hearing we had in this room.

The critical issue, as we mentioned in our submission, is not so much about the structural arrangements but about the commitment to ensuring the program remains a well-resourced social policy. As you have heard in the submissions before you, there are major concerns about that—the resourcing level and the commitment to a social policy. In relation to the issues, we take note that a lot of the concerns here are concerns that are not new in relation to the bills before the Senate but are concerns that have been around in this sector for some time.

The program has been a combination of not only Commonwealth funding through the Australian Hearing Services program, which has been a world-renowned program, but also the involvement of state systems through education programs and not-for-profit providers, as well as other state instrumentalities. There is a combination of factors that make up this commitment to a well resourced social policy.

In relation to the community service obligations, we feel there are two essential elements. One is dollars and the other is the quality or level of service. I did note the discussion preceding in relation to the level of dollars concerned. We are aware that there has been a reduction in the appropriations available in recent times. Although I am not quite sure where we ended up with the last discussion about the tax impost, in the second reading speech, if I can rely on the notes provided, the company was going to be required to make a payment to the Commonwealth of amounts equivalent to tax otherwise payable to states and territories and will also pay all relevant Commonwealth taxes. In the normal run of the mill with government funding, you would imagine that that payment would be made back into the Commonwealth Treasury.

Our concern would be that there is a resource transfer. The aim is to create, we assume, a level playing field 'to ensure competitive neutrality'—to quote from the second reading speech. We would be concerned, however, if that was a net cost, an initial impost, to the actual community service obligation. There would need to be an appropriate compensation in the appropriations to meet that payment.

In relation to the level of services, I would just like to note—and Dianne will address this a bit more clearly—the issue of consultation about level and quality of services. We need to look at things like waiting times. It is not just a matter of how many dollars and what devices; it is also about the ongoing support that is provided and how we monitor the accountabilities in relation to that. If these things are not public, how do consumers use information that they might have—which is mostly just their own personal experience—to monitor the accountabilities of the program?

I will just briefly mention the current voucher system and its problems. It does have problems. Simply stated, there is not enough value in the voucher to provide a quality service. There are concerns that consumers will pay in poorer service. This is about not only a technology but also the application and the optimal fitting and support to the individual in relation to that fitting. As we have outlined in our submission, another area where we feel there are significant risks for consumers is that, in commercial terms, there is a pressure for top-up to improve the viability for small providers or providers in this business. Dianne will address

the issue, but we feel that, because the voucher system is based on a device system, you have problems with actually meeting all the individual variations that are required within it.

**Dr Toe**—I will now add a few comments to some of the things that Damian has introduced. Our concerns go to the quality of children's services, the quality of consumer service obligations and the appropriate levels of funding for quality services. The issues here are: the number of dollars, what exactly is going to be provided and how we are going to measure the provision of those services. What will be the performance indicators? How will we in the public arena be able to monitor that the services that we think are necessary—high quality services for children, for complex adults and within the existing adult voucher system—are being met?

One of the issues in terms of the amount of funding that is currently being provided is that we are at the brink of a period of very rapid technological change in terms of hearing services. I will just refer to children for a moment. We now have the technology to identify hearing loss at a very young age. I do not think we are currently using it as well as we could be, and I think in the future we will need to move towards a much earlier identification of children. That has a lot of implications for hearing services—funding the technology in the first place to identify children through screening and diagnosis and then fitting those children with hearing aids at a very young age. There are an enormous amount of costs involved in that. It requires high levels of expertise, constant monitoring of those children, regular ear moulds—perhaps every three weeks or even possibly less—additional technology in terms of FM systems and habilitation in terms of support for families.

We are looking at an area where the costs will increase rather than reduce at a time when there is the potential, I believe, to have some small reductions in the future. That is perhaps why we all feel some concern about what the future may hold. The provision of hearing services for children or adults with profound hearing losses—in fact for all people—is not just about the funding of devices; it is about the funding of an habilitation program. Hearing aids do not get used unless the families are provided with the appropriate level of support, and unless there is liaison with the school. FM systems are very expensive and currently, I believe, there is not enough funding provided for them.

To get them well used, you have to support children in the school environment—so audiologists do more than just fit hearing aids. The issue of defining the level of services, funding for services and making provision for future developments really needs to be addressed as part of this discussion and in this legislation.

**CHAIR**—When you are talking about identification of children at a young age, what ages are you aiming at?

**Dr Toe**—With screening technology, we now have the potential, particularly for children who may be identified as at high risk of hearing loss, to be identifying them in their first few weeks of life.

**CHAIR**—I have seen that equipment in operation at AHS. It is first-class equipment.

**Dr Toe**—It is.

**CHAIR**—Not only that; it is also being used for people who have a mental disability, who cannot respond to noise, and so forth.

**Dr Toe**—It has many applications.

**CHAIR**—It has such a variety of applications, and I look at something like that and cite that as a further example of the wonderful research that AHS is doing. Surely, that cannot be criticised in any way.

**Dr Toe**—I was not for a minute saying that AHS is not doing a wonderful job in research and the use of that equipment. That equipment will become more widely used. Currently we are not detecting hearing loss across the country, which is not a criticism of AHS because AHS is not always the first port of call for these children. Children being born in hospitals all around the country are not necessarily being tested with that equipment. Not every child is tested. Not even every child on the high-risk register is tested at this point. So there is capacity to increase our early detection of hearing loss.

**CHAIR**—It is like everything else, though; the equipment is not readily available everywhere because of the cost of the equipment.

**Dr Toe**—That is right.

**CHAIR**—If people could just snap their fingers and say, ‘Any new piece of equipment is now going to be universally available,’ we would all be laughing.

**Dr Toe**—Certainly, but I still think it is a very big issue in terms of the outcomes for children.

**CHAIR**—Regardless of the peripheral issues, do you oppose the legislation?

**Dr Toe**—No, we do not oppose the legislation.

**Senator FORSHAW**—Mr Lacey, in your written submission at the bottom of page 1 you state:

The failure of the Government to provide details in relation to the exact nature and level of Community Service Obligations, despite repeated requests.

Would you expand on that and tell us what has been the problem and where you are at now?

**Mr Lacey**—This is one of the vagaries of technology because this was an email transmission and in the transmission that statement, which was in bold, did not get through to the central office. That was one of the points raised for the terms of reference for this hearing. I do not claim authorship of that statement.

**Senator FORSHAW**—I appreciate that, but you agree with that, do you not?

**Mr Lacey**—I suppose there is no change in the community service obligation. We recognise that Australian Hearing Services has provided an excellent service within available resources. It has kept pace largely with the opportunities of technology and ensured research and development and commitment to positive outcomes. One of the concerns that I have is that, in the elements of competition, there are lots of distractions in our sector at the moment in the provision of human services. Perhaps there is a risk to the community service obligations in the competitive environment within which AHS is playing in terms of the voucher program. Perhaps there is a risk to the commitment, quality and level of service that is dedicated to the additional resourcing and requirements to provide adequately resourced CSO performance indicators.

It is all very well to have a commitment to children, a commitment to those with other needs and a commitment to rural and remote areas. Yet parents from Broken Hill have said to us, ‘We cannot get an appointment for five weeks and I’—this could be a matter of debate—‘believe my child needs attention now. It cannot wait for five weeks. We need support now, within the next week or so. We would assume that we could get access to our medical

practitioner within the next five, six or eight days.’ There are critical points in the life of a child and family where they would measure the performance of community service obligations to be a matter of days rather than weeks in terms of responsiveness.

In relation to FM systems, for example, because it is a bigger resource commitment and a bigger planning issue, we might accept that to be a matter of months, but how many months would be a satisfactory performance indicator of the fittings of FM systems? Should we have penalties for failure to perform and meet certain standards in terms of community service obligation performance indicators that we might as a community agree that we ought to have established in contractual arrangements between the office and the provider of the CSO?

It probably stems from the issue of resourcing. We all accept that. It would be wonderful to have the technologies we talked about available, through networks and through health systems, to the maximum number of Australians when they need it. One issue though is that we also need to be mindful there is an informing process in that. People need to know what their opportunities are, and there is a commitment to that. We notice that AHS, for example, is putting out a magazine. They are very interested in trying to promote more information about what they do, what they can do and what system is there. Those commitments need to be maintained.

**Senator FORSHAW**—One of the concerns that has been mentioned is that unless you have the CSOs enshrined in legislation some way then merely putting them into contracts leaves open the possibility that they can be less than what is required or that they can be changed later on depending upon the funding levels and so on; in other words, over time contracts will be renewed and may be watered down. Is that a concern to you people? That is one of the concerns that has been mentioned by others.

**Mr Lacey**—I remember having some concerns with the previous government around telecommunications because for a long time our Telecommunications Act said that there was a requirement to provide access for all Australians. They just forgot about deaf and hearing impaired people, meaning that, although it is there in the legislation, actually making it a reality is another thing. I am not quite sure how we address that in legislation. I think that is your bailiwick, not ours.

That is the suspicion that you hear from users. While it is there, there is a commitment to it and it will be contracted, unless it is up-front, unless we have an opportunity to participate in the development of those standards—those performance indicators of whether or not the CSOs are being met, what things we think are acceptable in terms of level of standards and also the dollars that might be required to keep pace with a continuously improving, I would hope, quality of service as new technologies, as Dianne mentioned, are emerging—how do we access them and what level of expectation to access those new opportunities should we have? ACROD has been having some discussions about that. Is there a way in which legislatively you can have it in a public domain, or is it going to have to be in a contractual environment? Are there commitments around a contractual environment that we can have as public commitments?

**Senator FORSHAW**—You could possibly put it into the constitution—adopt the Queensland National Party model. You mentioned vouchers. Your submission says that the value of the voucher currently is not sufficient. Could you explain that a bit more? I think I understand what you are saying in cold hard cash terms. What precisely do you mean by the value of the voucher and by how much?

**Mr Lacey**—By how much should it be more?

**Senator FORSHAW**—Presumably, if it is not sufficient.

**Senator DENMAN**—I was going to ask you if you would expand on your concerns about the voucher system. Perhaps you could do that together.

**Dr Toe**—Let me preface my comments by saying that I am not currently working in that environment; I work with children. However, there are a number of anecdotal reports from private audiologists and from audiologists in the not-for-profit sector—these are service providers outside of AHS—in regard to the way in which the current voucher system is operating. They suggest that it is under funded to the extent that they cannot provide a hearing aid to a pensioner for the cost of the voucher and still make a living, presuming that the majority of their clients were voucher clients. There is not enough money in that.

That is a great concern to us very much from the consumers point of view because that means that there is great incentive out there for audiologists and people working in the hearing aid industry to recommend to clients that they top-up their hearing aids and pay a little extra for a more expensive hearing aid. That may or may not be a better outcome for the individual than if they had just been provided for by the voucher system with a free hearing aid. It puts elderly clients in a very vulnerable situation that I would have concerns about.

Carrying over to the possibilities of changes taking place in the community service obligation area, if parents were to end up in a similar situation, they are very vulnerable clients as well in terms of making decisions as to what is best for their child. I know we are not talking about that as something that is before us in the legislation, but of course it is a fear. In terms of the current arrangements, I think there is concern that the current funding of the voucher system is not high enough. Therefore, there is incentive to persuade the clients to pay a bit more for their hearing aid in terms of the top-up system.

**Mr Lacey**—An important member of ACROD in Victoria has recently made the decision to advise the office that it will not continue to operate as a provider. It believes that it is being compromised in its capacity to provide a quality service because it cannot do so within the level of the voucher. Unfortunately, as a not-for-profit organisation with good practice, it is not able to continue to provide a viable service. The notion of the voucher is around a device, and I suppose the value of it is the fitting of a device and support provided. The amount of \$75 per annum is provided for ongoing support. Once an aid is out of warranty, you could blow two or three times that amount in a significant repair that might be required. Who funds that? There is pressure on the provider. It is not viable.

**Dr Toe**—Just to add to Damian's comments—this is again from anecdotal reports—if a customer changes from one audiologist to another hearing service provider, takes the hearing aid they have been fitted with by one service provider to another service provider, that new service provider then has to continue to maintain that hearing aid for a very small amount of money. If the new service provider is concerned about the aid, the quality of that aid or whatever, there is great incentive to actually change that individual over to a hearing aid that they have fitted themselves to ensure that everything is up to speed in terms of maintaining that device. There are some problems built into the system as it stands.

**Senator FORSHAW**—Is there a solution other to increase the value of the voucher?

**Dr Toe**—I suppose that is one obvious solution.

**Mr Lacey**—Perhaps provide a range of product, a range of devices and/or support. Vouchers, for example, might recognise that in some cases you may not need to provide the full amount of the current value of the voucher, but in another case to provide a quality

outcome you may need to provide a considerable amount more. At the moment the onus is on an ethical provider to meet that additional cost to ensure a positive outcome and a good outcome for the user.

**Dr Toe**—Currently, no funding for rehabilitation goes with the voucher system—it is very device focused—and yet learning to use a hearing aid well is more than just being fitted with a device. There is a lot of extra support, particularly for elderly clients who may have fairly complex needs.

**Mr Lacey**—For example, one of our colleagues in Victoria, the Wimmera Hearing Society, is a small locally based service in Horsham. It has received a \$6,000 state government grant to facilitate its activities. They do a bit of local fundraising, so they have a budget of around \$10,000. They provide, essentially, a volunteer based support service within that region that has always backed up AHS and its services and other providers and their services.

A lot of the time involved is the post-fitting support to an elderly user who suddenly, after the shock of the whole thing, says, ‘And I really do not know how to make this work and work it to my best advantage,’ or ‘It only works in these sorts of environments, and it won’t work in these environments.’ What is important is that hand holding—working with them and making sure that the investment in technology is going to receive a positive outcome in terms of quality of life and opportunity and more independence.

Unfortunately, the pressures are such that we end up with the fitting of a device which is a pretty high-powered piece of technology and a very important piece of technology if used well. If it isn’t, it will end up in grandad’s drawer, and if it ends up in the drawer it is then a really expensive device and not part of the general well-being and quality of life of that particular individual. That is what we have concerns about.

**Senator DENMAN**—Mr Lacey, you mentioned ethical providers. Is there any accreditation system or do people just have to find out by trial and error who is ethical and who is not?

**Mr Lacey**—The information that you receive in the booklet is very ethical, as I understand it. It is very detailed. In one way, you could see it as being very empowering of a user. It says, ‘Here are all the approved providers accredited in your area,’ but there is no qualitative information. A first-time consumer would have to rely on a shop-around process. It is going to take up the time of providers if they are going to move to early consultation or information provision. Dianne could probably address the issue of accreditation better than I.

**Dr Toe**—Currently, there is a certain procedure for accreditation to be involved as a service provider. There are some fairly extensive levels of service and so forth that have to be met—basic criteria. The concern is that in a profit driven sector you have to make money.

**Senator DENMAN**—I understand that.

**Dr Toe**—If you are basically working with a voucher system where there is not enough money in the basic voucher system, how do you make money? Coming back to the issue of top-up again, that is a concern.

**Senator DENMAN**—The concern I had about the ethical provider was that I could see a situation where someone would say, ‘Here’s a hearing aid—go away and use it,’ without providing any backup. I do not know whether that happens.

**Mr Lacey**—You could say that would be one of the risks, potentially. A business needs to look at its viability and it has to measure the commitment it can make to an individual user against moving beyond where you are making a reasonable profit, or where you are reasonably building your business. There will be commitments, as businesses are going to be in it for the

long haul and they will be putting in very good quality because they are there for their long-term viability and will want to provide an excellent customer base.

I mentioned the word 'ethics' in terms of the pressures on the provider. I am not challenging the ethics out there, but the pressures, even from the not-for-profit sector, are that you are not providing as high quality service as you would like to do if you had the resources. There is an opportunity around top-up, because if you could sell extra value in product then your margins would increase a little. As Dianne said, and as I think we said in our submission, there is debate about whether this extra \$1,000 is going to actually produce any significantly better outcome in relation to the proportion of extra funds you need to commit. Those things are a bit debateable. So we would say that the issue is that there are some ethical pressures on providers.

**Senator FORSHAW**—Dr Toe, in your submission you stated that there had been a significant reduction in the number of school visits by AHS. Can you give us any more data on that?

**Dr Toe**—This is something that has happened over a period of time.

**Senator FORSHAW**—I gathered that it went back some time, but I am still interested to find out.

**Dr Toe**—I started my working life as an audiologist with AHS and I know how many school visits we used to do. There was a time when I spent three days a week in one school. That is the level of service that we provided to the school. That was a school with at that time about 80 children. For a school with 80 children at this time the level of visits would be once a week.

**Mr Lacey**—Close to a day.

**Dr Toe**—So there has been a clear reduction in the amount of school liaisons and school visits that have taken place. At the same time there has probably been an increase in the technology that teachers have to cope with and support the children in the use of. School visits become particularly critical in the area of FM aid use because FM systems, where the teacher is wearing the transmitter and the child is wearing the receiver, are very much more complex in their management.

It very easy to provide particularly very young children with a lot of irrelevant spoken language input when you are wearing an FM system. You have to just start talking to somebody else and suddenly the child in the corner of the room is hearing your conversation. So teachers need a lot of support to use that equipment well. If they do not use it well, the child will reject it or will not benefit from it to the degree that they could. So we have got expensive technology that needs a lot of support. I think just about everybody working in the educational sector would agree that we need additional funding in the support area within the school environment and in terms of the technology itself.

In our submission we made a couple of comments about the FM systems and the provision of FM systems. My understanding is that AHS is funded to provide FM systems only for severe and profoundly deaf children. Yet they do try—all power to them—to stretch those funds further so that children with mild and moderate hearing losses, who can also gain great benefits from these systems, also get fitted. That means you have got a certain bucket of money towards FM systems and that places a lot of children on the waiting list for an FM system or struggling along with old technology that is breaking down and causing them great

problems. So I think the issue in terms of slight reductions on a year by year basis in the end is very telling from the hearing impaired child's point of view.

**Senator FORSHAW**—Do the private providers undertake school visits?

**Dr Toe**—Private providers are not currently involved in terms of fitting children or fitting them with FM systems except in some rare individual cases where the parents actually go out and buy the aids themselves. There are organisations like our own that employ education audiologists who support the children in the use of the hearing aids and FM systems that are provided by Australian Hearing Services. We feel that we need to employ education audiologists because we do not feel that the children will use that equipment sufficiently well without that on the ground support at the school level. In terms of any future developments, we would like to see closer and closer collaborative relationships between AHS and organisations such as our own in the not-for-profit sector.

**Senator DENMAN**—Dr Toe, you spoke about an appropriate level of support. Do education systems, in whichever state, put money into supporting children with a hearing loss with teacher aids and those sorts of things?

**Dr Toe**—They do at the state level.

**CHAIR**—Mr Lacey, may I ask you to describe the benefits that you have seen from the research that has been undertaken by NAL?

**Mr Lacey**—Can I pass this to my colleague who is the technical expert?

**CHAIR**—You may.

**Dr Toe**—I have to say one of the biggest benefits is the development of the prescriptive procedure that is used for hearing aid fitting by AHS in this country. That is recognised all around the world as being a very high quality approach to hearing aid fitting. It has been refined through research over the last 20 years and continues to be refined. Our children and adults have greatly benefited from it. When comparing the conditions under which hearing aids are fitted in this country with those in a large country like the United States, surveys have shown that children and adults are not fitted anywhere near as well. Many of the audiologists working in the private sector in the United States do not use a prescriptive technique; they use some sort of experienced based procedure for hearing aid fitting.

Currently Australian Hearing Services provides a uniform approach—well researched and well supported—and a very close working relationship between the actual provision of services in the clinical environment and the research that is carried on at the AHS central. I think that is one of the very great benefits of the research that has been done at AHS.

**CHAIR**—That is one of the themes that has been repeated to me consistently—we are among the world leaders in research and the consumers are the beneficiaries of that research. So it worries me when I hear so much negativity about what we are doing as a country. Really I think we should be talking up what the country is doing in that area of research. Dr Toe, there was another question that I wanted to ask you in relation to your statements about top-up arrangements. I am mystified as to why you are talking about top-up arrangements for children when children are fully funded by the government.

**Dr Toe**—Again, it is concern about what may happen in the future. There has been talk about a review of children's services.

**CHAIR**—I am concerned about a whole lot of things in the world but it does not mean that they are all going to happen.

**Dr Toe**—No, but I still think we have to be somewhat sceptical and we have to look towards the future. Things change. There has been talk of a review of children's services and what the potential might be. To try to guess what the future may hold in terms of any introduction of competition or other service providers in this area—

**CHAIR**—I can guess what the future would hold politically.

**Mr Lacey**—As I understand it, Senator, there is currently an opportunity within the provision for children's services for top up. I understand it is at cost, but I believe—and it might be worth checking with others—there is a capacity for parents to choose other technologies for which there is an additional payment and they are able to make that payment. That is the start of it.

**CHAIR**—Would you think it is unfair if someone decides to buy a Rolls Royce model instead of something that is widely accepted and provided for children?

**Mr Lacey**—No, I do not think it is unfair. However, it probably raises the issue in the environment of increasing capacities—technological and rapid change, as we have mentioned—of our understanding of what the community service obligation is going to provide: what is the basic good quality best practice acceptable standard within our social policy? Admittedly, there will be technologies that are beyond what we might believe are acceptable at the current time, but we need to continually revise it. I suppose that is the caution about having a non-public CSO in a key performance indicator environment where it is not up-front, developed through consultation with users and stakeholders and then held accountable for it.

**CHAIR**—I simply come back to the point that the CSOs are not contained in this legislation. There is no question of changing them, the voucher system or the services in the legislation. I just keep reiterating it because, unfortunately, most of the material that has been provided—admittedly, as previous witnesses have said, they were encouraged to do so by the terms of reference—is hypothetical.

**Dr Toe**—There is still though this concern about what is stated, what will be provided and how we in the public arena know what level of service will be provided and what performance indicators there will be.

**CHAIR**—I think the answer to that is that it is currently being experienced and there is no indication of change. There is nothing contained in this bill at all.

**Mr Lacey**—Can I suggest that there is. The unbundling of the CSO component, in what was a cross-subsidised arrangement, has created pressures on AHS. They are making decisions about where they are going to have centres or capacities to deal with children—for example, how many centres there will be, where they will be and, because of the technologies and the skill levels of people, how they would resource them and put them around to best meet the needs of their people. In the environment where it was all in the one big bucket, there was a lot of capacity in-house to do certain things. Unbundling the CSO from the voucher program and introducing competition does create risks, and can I say that this is not the only environment in which consumers or users are ultimately feeling the unease of those risks. It is unease which, yes, is yet to be proven substantively, but there is significant evidence of concerns already emerging.

**CHAIR**—In relation to location of services particularly for AHS, I know of two services in Perth that have gone from almost hidden away premises to superb shopfront premises, and that is the aim of virtually all of them—to have greater accessibility and greater public

awareness. The ability for people to be more conscious of where AHS services can be accessed is moving in the right direction. I thank you both for your attendance.

[10.38 a.m.]

**COWAN, Dr Robert Samuel Charles, Federal President, Audiological Society of Australia, Director, Cooperative Research Centre for Cochlear Implant, Speech and Hearing Research, 384 Albert Street, East Melbourne, Victoria 3002**

**CHAIR**—I welcome Dr Robert Cowan, representing the Audiological Society of Australia and the Cooperative Research Centre for Cochlear Implant, Speech and Hearing Research. Witnesses are reminded that the evidence given to the committee is protected by parliamentary privilege. I also remind you that the giving of false or misleading evidence to the committee may constitute a contempt of the Senate. We have before us your submissions. Do you wish to make any alterations to those submissions?

**Dr Cowan**—No.

**CHAIR**—I invite you to make a brief opening statement and then I will invite senators to ask you questions.

**Dr Cowan**—First speaking from the position of ASA, the organisation representing professional audiologists, we have worked with Australian Hearing Services and with the government to try to ensure that the high quality hearing health care which Australians have come to expect is maintained. I think it is important at the outset to note that Australia has developed an excellent national delivery system for audiology services, primarily through the work of establishing Australian Hearing Services but also with the support of private audiologists, audiologists employed in public health systems and specialist paediatric clinics providing specialist services, such as cochlear implants or rehabilitation services in the education area.

Australia does have a world class best practice system and is seen as a model by many professionals who visit this country to look at service delivery on a national scale. But underpinning all of this work has been a continuing commitment of government policy, really dating back to as early as 1948, which contained legislative guarantees that service would be provided to eligible adult pensioners, children, indigenous persons and other declared persons, including those with special disability needs or those in rural and remote settings. As well, there have been legislative guarantees that research would be conducted.

The outcomes of that service delivery and research are what Australia currently can be so proud of. These were specifically included in the Australian Hearing Services Act 1991. The 1997 legislation transferred the legislative guarantees concerning eligible adults from the age of 21 up.

Our primary concern is that the Australian Hearing Services Reform Bill 1998 specifically repeals the 1991 legislation in which those specific legislative guarantees were given. While recognising the government's comments and assurances in relation to the provision of services and CSOs, the legislation, from my reading, does not actually carry over to the 1998 act the specific CSOs that were present in the 1991 act. Instead, services would be provided under contracts which we would assume would be annually renewable and, as such, would be subject to changes in either government policy or perhaps in government.

The current OHS contracts, for example, are 12-month contracts. In my experience, since 1992 we have seen a specific number of changes in those contracts as they have developed through a change in government and in policy. In fact, that has impacted on the delivery of

services as a direct result of both changing government policy and changing government. For this reason, we have specific concerns that the repeal of the 1991 legislation removes the legislative guarantees to community service obligations.

Currently, OHS in its service provision employs audiologists in private practice as well as hearing aid audiometrists who are primarily linked to large hearing aid distributors. In terms of the consideration of the provision of services or contestability of services to children, audiologist training and education, which is tertiary postgraduate training, formally provides the knowledge and clinical experience required to provide these assessment and rehabilitation services. Hearing aid audiometrist TAFE training does not address these issues or contain specific training. It would certainly be inappropriate to involve private practice hearing aid audiometrists in any contestability of services to children.

I think that, while contestability may appear attractive from the perspective of providing an extension of the venues for service provision through using private providers, there are a couple of underlying factors that we need to consider. Firstly, the equipment required to test children is very complex and very expensive. It really needs to be provided in a centre which has a large throughput of children. The suggestion that small audiology practices would be able to provide that level of high infrastructure cost might not be credible.

Under the AHS system we have a national chain of clinical service providers. That means that new technology, new procedures and new rehabilitation can be introduced in a rapid and controlled way so that these developments can go to children very quickly. There are no assurances that that same rapid dissemination of knowledge or techniques would occur if we used private practice providers.

The second issue concerns the role of the audiologist acting as an agent for adults under the current OHS scheme, or in the case of contestability for children they would be acting as the agent for parents and children. While the system is geared to try to give information to the consumers, they really are not in a position of equal knowledge which would be a necessary condition for them to be fully knowledgeable in choosing their service provider. They really do not have the knowledge to be able to do that. This is a current problem which is reflected in some of the complaints specifically regarding top-up devices, where there seems to be confusion among consumers as to which providers are providing what device. Out of a range of 200 potential devices I can understand their confusion. What I would like to stress in relation to the top-up issue is that professional audiologists will fit top-up devices only to those clients who need them. Our members will not fit a device to someone to gain additional funding. They will only fit devices for clinical needs. I think this has resulted in some people finding that they did not wish to be part of the scheme.

Lastly, I would like to address the issue of research. Again, repealing the 1991 act removes the legislative guarantees to fund specific hearing research. This is a concern. In particular, Australian Hearing Services research has been world class not only because of the work done at NAL but also because of the ability to rapidly trial and implement it in a very large national based series of clinics. To separate those two aspects would be to significantly diminish the capability of that research arm. It is not sufficient to just provide the research support at National Acoustic Laboratories; it does need to have a linkage to the clinical arm.

The final issue is that the Audiological Society of Australia would support the legislation if it could be amended to include the same legislative guarantees that were contained in the 1991 act dealing with children, indigenous people and rural and remote people, just as the

1997 act carries over those legislative guarantees in terms of eligible adults over the age of 21.

**Senator FORSHAW**—Dr Cowan, your submission is very comprehensive and leaves me with few questions. You have covered the situation of the amendments you seek to the legislation for CSOs, so I will not ask about that. You stated in the written submission that you conducted a survey of some 270 providers, including audiologists in private practice and those employed within AHS. It seems from the findings or the comments you have made that the survey produced more criticism of the system than support for it, particularly with respect to the education side of it or the lack of information. What was the nature of the survey you carried out? Was it a written survey?

**Dr Cowan**—It was a written survey which was distributed through our membership. We have 800 registered members and each one of them received a copy of this survey. They were required to respond in writing and these responses were then collated into the information that you are presented with.

I believe there are a number of issues in regard to the survey. Some of the questions dealt specifically with the current system, whereas some of the questions addressed the issues of the potential for contestability of services to children or services to rural or remote clients.

This reiterates our concern that there should be legislative guarantees carried over. Most audiologists have felt that the unbundling of device and prescription fitting fees really resulted in a reduction in both of these fees. It is impacting on the device fees in private practice in particular because of the changes in the dollars, meaning that some manufacturers are considering removing their devices from the list because they are paying more for them. I believe that matter has been covered in other submissions. But it has meant overall that the funding for service delivery here is cut as fine to the bone as it could be.

In 1992 we put forward what we considered to be the appropriate professional fees for providing services at that time to AHSESS clients. The funding since that point has been cut in real dollar terms and, given that those fees were suggested in 1992, there has been a reduction of some 60 per cent in the fees paid for service provision. At the same time, the provision of service has become far more technical with the need to provide programmable hearing systems and programmable hearing aids. It is far more infrastructure cost-intensive for audiologists to provide these services, while at the same time they are really being paid less per client.

This has resulted in some professional audiologists saying, 'I do not want to do this service.' From the government's point of view, the obligation is to get the highest quality services with the best return for the Australian taxpayer. Obviously, competition has been something which is a national policy.

Our members are dedicated to providing those high quality services, but the longer term perspective is that we may be seeing a change in the hearing health care sector for this group of clients, with concentration of resources into some of larger groupings where infrastructure costs can be shared across those clients.

**Senator FORSHAW**—The comments I was particularly focusing on were your general remarks that ASA private providers and AHS providers have all expressed concerns as to the significant increase in administrative load, and the decrease in overall professional fees. You made mention of that a moment ago.

Then you talk about ASA audiologists being concerned about the focus on cost reduction in contrast to quality of health care. You also say:

ASA professional audiologists would strongly oppose any suggestion that audiology services to children should be contestable under arrangements similar to those for adult pensioners under OHS.

That is consistent with the submission we heard this morning.

All of this suggests to me, as I said in my opening question, that the survey seemed to produce a result where people were more critical of this system and what is to come than that which previously operated. Is that a fair assessment?

**Dr Cowan**—I think it is quite reasonable to say, given that audiologists are receiving a lower fee for providing the same services, that there is some dissatisfaction. There is also a query about the issue of which devices are available, and that is an issue that needs to be clarified.

**Senator FORSHAW**—I am not trying to trick you or anything. A proposition has been put forward as to how we could deal with the CSOs and that is to enshrine them in legislation. There are arguments as to how effective that might be, but I suppose that people who support that view would say it is better to have them in the legislation than to rely upon some guarantees through the contractual system or upon the word of the government or the parliament. To that extent, that issue has been canvassed. I am wondering how we address these other issues, from your association's position, which could lead us to the view that it is better not to go down this path, which we have already gone halfway down anyway.

**Dr Cowan**—Perhaps I should split my comments into those in relation to the existing scheme versus what might hypothetically happen in regard to children. If we deal with the existing scheme first, ASA was one of the groups that worked with government to introduce and establish the AHSESS and then to translate that into the OHS scheme. That was a result of changes in government policy to expand eligibility—which was the precursor to the AHSESS—and to introduce contestability, which was the OHS introduction. We have supported those changes and have tried to work constructively with government. We are still doing so and, in fact, are currently making a suggestion which we believe would deal with a number of the underlying problems.

Our concern has been that the system is geared to only making payments for those clients who are fitted with hearing aids. People who come to us with hearing problems may not require a hearing aid but rehabilitation, without the need of fitting for a prosthetic. They might need more appropriate medical management. There might be any number of needs, but the system is currently geared only to paying for fitting of hearing aids. We believe this is the underlying problem that needs to be addressed. We have prepared a submission for the parliamentary secretary to suggest a minor revision to the scheme which addresses these problems and the concerns that we have about clients being put in a position of having to make a choice without the appropriate knowledge on which to base that choice. That is in terms of adults.

In terms of children's services, the society's position has been that we have an excellent system of service provision to children now. Children do not fall between the links. I would reiterate about children's services in Australia that a critical issue is not so much when we detect a deafness—that is important—but when we actually fit the child with amplification and they first start getting meaningful sound. We do have to detect them early, but Australia has one of the lowest ages for fitting with amplification. They have this because there is a national policy—a national clinical procedure—through AHS centres.

It is quite critical that those services remain in place and that they not be subject to potential changes in policy with the changeover to AHS becoming a corporation. We have a very good system. What you are hearing is a lot of concerns that we might lose that very good system. Perhaps some of that is unjustified, but it is a real concern.

**Senator FORSHAW**—Thank you for that explanation. I think that covers my question.

**Senator DENMAN**—I have a couple of questions, following up from what Michael said. You made the comment that the clients do not always have the knowledge to choose the appropriate service provider. In your opinion, is there some way that that problem could be overcome, or not?

**Dr Cowan**—I will divide my comments between the levels of the current system. Yes, part of our suggestion to the parliamentary secretary is a very small change to the way the current book designates that the two levels are provided. The issue is that we have two levels of providers with very, very different qualifications, expertise and training. Our suggestion addresses that underlying difference and will take away some of the issues by separating the assessment component, which would be performed only by audiologists who are the experts in that field.

Those patients for whom it was appropriate to fit a hearing aid after medical approval would then go into the current OHS scheme and be able to choose from either a private practice or AHS provider for the fitting of that prosthetic. We would remove the assessment and put that with the experts working with the physician so that the patient was appropriately assessed and a medical and audiological management decision made, which might mean further ENT specialist care, it might mean other rehabilitation or it might mean fitting of a hearing aid.

Currently, we believe that people are being fitted with hearing aids when that is not really what they need. What they need, perhaps, is a number of sessions of auditory training, which would be far more cost effective in terms of their needs than having a hearing aid hung on. This is addressed in our current submission to the parliamentary secretary.

In terms of children, the issue again is one of infrastructure support. A parent knows the level of assessment facilities available when they go to the Australian Hearing Services Centre. They cover the full range from behavioural assessment through electrophysiological assessment. Not all private clinics would be able to afford that level of infrastructure, and it would be very difficult to try to put into a large directory that information as to what exact services each one of those had. For a parent who has just had a deaf child diagnosed, it is certainly an emotional time. From my own experience, one can write however much information one wants, one can verbally give as much information as one wishes, but about 20 per cent of that is actually taken in. So having one choice for services to children—Australian Hearing Services—which has a uniform set of procedures, policies and clinical practice avoids that situation of placing the parent in an invidious position of asking, ‘Where do I go? Am I getting the right services? Is this really what my child should be having? Is the right decision being made here?’

**CHAIR**—Excluding hypotheticals, do you oppose the legislation?

**Dr Cowan**—In its current form, without an amendment to carry over the CSO obligations that were contained in the 1991 act, we would not be able to support it.

**CHAIR**—So you oppose the legislation as it currently stands?

**Dr Cowan**—We believe that if one looks at the 1991 legislation, it contains a number of provisions of services. The adult services have been legislatively guaranteed in the 1997 act.

So the adult component of the 1991 legislative guarantees have been picked up. But the other components that were contained in the 1991 act have not been picked up in the 1998 act. So our understanding is that in passing the 1998 act the 1991 bill would be repealed and that would remove the legislative guarantees

**CHAIR**—There is no change in this piece of legislation to the CSOs, the service deliveries or the voucher system. That is why I asked the question: given that there is absolutely no change contained within this bill, do your organisations oppose the bill?

**Dr Cowan**—Could I ask two questions first, to clarify? The 1998 act does repeal the 1991—

**CHAIR**—No, there are no changes at all. There are pieces of legislation that are added on. They do not automatically repeal every piece of legislation.

**Dr Cowan**—But my understanding was that this bill as it was put to us specifically does repeal the 1991 act.

**CHAIR**—Yes. It does repeal it, but what I am saying to you is that we are not changing in this legislation anything to do with the current provisions of CSOs.

**Dr Cowan**—While I accept that that is the policy, with the actual legislation, when one reads it, it is included in the 1991 act and from my reading is not included in the 1998 act.

**CHAIR**—What section of this bill excises the current CSOs?

**Dr Cowan**—If I follow this along—and perhaps it is my lack of constitutional law knowledge—we started from a premise of having a 1991 bill which specifically required or specifically mentioned a number of obligations for Australian hearing services, which included services to eligible adults, services to children, services to indigenous people, rural and remote, and an obligation to provide research. The legislation which was passed in 1997, the two bills, includes in its clauses a specific legislative guarantee for eligible adults. It did not repeal the previous bill, but it included that guarantee. The 1991 act includes in its schedule 1 a repeal of the whole act—the Australian Hearing Services Act 1991.

**CHAIR**—This is a corporatisation of AHS.

**Dr Cowan**—I understand that, but it actually repeals the act. So given that the 1998 bill contains no mention whatsoever of these community service obligations, on the passing of that act and the repeal of the 1991 act, do we not have a situation where community service obligations to children, indigenous people, rural and remote, and the provision of research are not actually included in active government legislation?

**CHAIR**—This bill is about corporatisation of AHS. The question that I ask you is: do you oppose the corporatisation of AHS?

**Dr Cowan**—We do not oppose the corporatisation of AHS. Our concern is that, in doing so, legislative guarantees are removed.

**CHAIR**—I hear exactly what you are saying. I am just asking you whether or not you oppose the bill as it stands—the corporatisation of the AHS bill.

**Dr Cowan**—Can I ask you a constitutional law question again?

**CHAIR**—No, you cannot, because I am not a constitutional lawyer.

**Senator FORSHAW**—You can ask me one. I am happy to have a shot at it.

**Dr Cowan**—My understanding is that the schedules to any bill form part of the body of the bill.

**Senator FORSHAW**—Could I make this comment, Dr Cowan: this bill repeals the 1991 act—schedule 1 repeals it. The bill provides, therefore, not only for the corporatisation of Australian Hearing Services but also for the repeal of the previous legislation. The CSOs to which you are referring which you are saying you would prefer to have, or you believe should be enshrined, in legislation will no longer be enshrined in any legislation but will be transferred to the company through contractual arrangements rather than be set out as a specific obligation under legislation applicable to a government department, instrumentality, authority or even in this case fully owned government corporation. That is the point you are making. It is very straightforward.

**CHAIR**—I have heard what you have said probably 10 times. I have read what you have said. I am simply asking: do you oppose the corporatisation of AHS?

**Dr Cowan**—The simplest answer is we do not oppose the corporatisation of AHS. We are not in favour of the bill in its present form in that enacting the bill repeals the 1991 legislation.

**CHAIR**—I have heard that now 11 times. Thank you very much, Dr Cowan.

[11.12 a.m.]

**O'NEILL, Mr David John Patrick, National Industrial Officer, Community and Public Sector Union, 191-199 Thomas Street, Haymarket, New South Wales 2000**

**CHAIR**—Welcome, Mr O'Neill. Witnesses are reminded that the evidence given to the committee is, of course, protected by parliamentary privilege, but you are also reminded that the giving of false or misleading evidence to the committee may constitute a contempt of the Senate. The committee has before it your submission. Do you wish to make any alterations to that submission?

**Mr O'Neill**—No alterations, Senator.

**CHAIR**—I invite you now to make a brief opening statement, at the conclusion of which I will invite senators to ask you questions.

**Mr O'Neill**—Thank you, Senator. One of my responsibilities in my role is to handle membership matters related to Australian Hearing Services. Let me first make it plain that the CPSU is opposed to the corporatisation of AHS. We are particularly concerned about the matters the previous witness addressed, and it is a concern held by many members and many union officials—that is, the community service obligations that are contained in the Hearing Services Act 1991 are explicitly repealed by the current bill before you.

The assurances that we received in the past, and I am sure we will receive them today, from the Department of Health and Family Services and the Office of Hearing Services that there will be watertight contracts guaranteeing the community service obligations, we believe, are not useful. We believe that the only way to protect these community service obligation areas is to have them in the legislation. We believe that that is an important issue and needs to be included in amendments to the bill.

We also have concerns about the whole issue of the professional standing of the alternate private providers. CPSU represents virtually all of the workers in AHS, both clerical and professional. We have a particular concern that the services now provided by four-year trained professionals, audiologists—who will in fact next year be required to be five-year trained and have a masters degree—will be provided by private providers who are not necessarily professionally trained, who may be required to have an audiologist on contract to their company but certainly will not have audiologists providing all of the services.

We believe that there is a danger that proper health measures will not be taken. For instance, it is apparently not unknown for health issues of a sinister nature to arise which would normally need some professional expertise to detect in the course of hearing testing. We believe that people who do not have audiological qualifications would not necessarily be able to detect those matters and refer them to the appropriate medical officers.

Another issue that we are particularly concerned about is that of research. The Australian Hearing Services have for many years been an important centre of research in Australia into noise and hearing matters. For instance, the National Acoustic Laboratories' hearing aid selection procedure is, I am told, used by 52 per cent of providers of hearing aids in America—that is, dispensers of hearing aids. AHS are the world leaders in this. They have developed this through the research facilities of the National Acoustic Laboratories. The CPSU is deeply concerned that that sort of research is likely to suffer in that it is also not included in the bill. The specific research requirements in the 1991 act are not rolled over into the 1998 bill.

CPSU also believes that Australian Hearing Services have been somewhat of a model in Asia in the export of intellectual property and training in the provision of hearing services. With the assistance of AusAID, I understand that the first class of audiologists in Beijing have recently graduated from the school of audiology that was set up and at least partially staffed by AHS staff. Certainly the provision of assistance to a country that has never had an audiological profession before is of great benefit to Australia's reputation abroad. Of course, it is also likely to lead to the gaining of overseas revenue to Australia.

There is another concern. I understand that the Commonwealth-State Disability Agreement has virtually lapsed in the last couple of years. CPSU is concerned that that may have an impact on the provision of community services to people with hearing disabilities throughout the country.

CPSU believes that Australian Hearing Services has got an infrastructure and staff on a national basis which is second to none and that that infrastructure and staff is likely to be damaged or destroyed by what appears to be an ideologically driven decision to introduce competition policy. We believe that Australian Hearing Services is in fact able to provide a more economical service per client than private providers. That has certainly been the case over the last several years, including during the operation of the voucher system, where private providers are actually being paid more by the government per client than AHS for the provision of services to their clients. So our concern is that this is simply ideology driving something which will eventually destroy an excellent government service. There are quite a few other issues addressed in our submission which I will not repeat. I am happy to finish now.

**CHAIR**—Why do you believe that research is in jeopardy given the fact that there are specified baseline things that are provided to the Office of Hearing Services? There are such things as reports to establish the level type and cost of research services provided by OHS, which include details of research services by category and quantity of services provided, cost of services provided by category, minimum qualifications of personnel required to provide services, a copy of the current research work plan of the preliminary report to be provided by 31 October 1998, a detailed report to be provided by 30 November 1998 using a reporting period of 1 July to 30 September 1998, and monitoring reports. The whole thing is laid down. Why are you saying that research will be downgraded?

**Mr O'Neill**—Senator, I am not assured that any of that provides for continuing research by the National Acoustics Laboratory. That sounds like a series of reports being required. Is that a schedule of the act you are reading from?

**CHAIR**—It says that the government provides \$3.5 million per annum to the National Acoustics Laboratory through AHS for high quality, internationally recognised hearing research services. Following the restructure of the AHS, the Office of Hearing Services will contract with AHS to provide quarterly reports on the research undertaken with the funds provided on this basis.

**Mr O'Neill**—Where are you reading from, Senator?

**CHAIR**—I am reading from the departmental submission.

**Mr O'Neill**—So you are not reading from the act?

**CHAIR**—I am reading from what is involved in terms of the requirements placed on the AHS. So, therefore, I am simply asking you: you have made a statement that I am just clarifying; I cannot understand the reasoning, and I am interested to know your reasoning as to why you say research will be downgraded when in fact there are many safeguards put into place to ensure that the reverse is to happen.

**Mr O'Neill**—Senator, I am afraid I have been dealing with both this government and bureaucrats in general for some time. I am never reassured when I am given pieces of paper that say that something will happen. If it is not in the act, as far as I am concerned and as far as the union is concerned, we are quite gravely concerned that it will not happen. The act specifically does not include the requirement for research. Any assurances that may be around or any promises from the department are not necessarily going to provide the sort of research that has existed in the past.

**CHAIR**—So you have no empirical evidence; you only have a suspicion?

**Mr O'Neill**—And I think many years of experience, Senator.

**CHAIR**—But you do not have any empirical evidence?

**Mr O'Neill**—There is empirical evidence, Senator; it is not in the act. If it is not in the act, it is not in the act.

**CHAIR**—You only have a suspicion?

**Mr O'Neill**—I am sorry, it is not a suspicion. It is not in the act.

**CHAIR**—Why would you want to limit the flexibility of AHS staff to negotiate new arrangements under future certified agreements by enshrining current staff entitlements into legislation? Many staff have said to me that they do not want that because if they are offered more money, they do not want to be locked in with fewer benefits and less money. Why are you suggesting that they should be?

**Mr O'Neill**—There are two points to that, Senator. They are not locked in. As you know, your government's legislation provides for Australian workplace agreements. So anybody can choose to opt to have an Australian workplace agreement. While we have an opinion about those, we cannot stop those agreements occurring. So people are not locked in. What we are saying is that the vast majority of the staff are our members. The vast majority of the staff want the protections that they currently have as public servants. They do not want to be turned into private sector workers. They joined the Public Service with many things in mind including not only community service obligations, et cetera, but also something of a protection for their careers. What they are concerned about is that they are going to have the provisions that they

had, and have had for all the time they have been public servants, taken away by being forcibly pushed out of the Public Service into a corporatised body.

**CHAIR**—Can you tell me why you want to lock in potentially lower rates in terms of future gain?

**Mr O'Neill**—Sorry, Senator, but it is not locking in potentially lower rates. What we want to do is lock in some baseline protections. There is no reason at all why we cannot build on top of those baseline protections in future enterprise agreements.

**CHAIR**—What evidence do you have to support your claim that private providers have a significantly higher fitting rate than the AHS?

**Mr O'Neill**—I cannot lay out any written evidence to you, Senator. I have been receiving reports on that matter from members within Australian Hearing Services who would know.

**CHAIR**—So, once again, it is anecdotal?

**Mr O'Neill**—Call it anecdotal, if you will. I am assured and convinced that these people are reliable and are providing me with reliable information.

**CHAIR**—But it is still anecdotal?

**Mr O'Neill**—I cannot table any written evidence, no.

**Senator FORSHAW**—How many employees are currently with AHS?

**Mr O'Neill**—Approximately 840 or so.

**Senator FORSHAW**—Have you been given any assurances that those numbers will remain the same when it is transferred to the corporation?

**Mr O'Neill**—No. Management has been unable to give those assurances because they do not know what the future holds. If they find they are suffering in competition, they may have to shed staff.

**Senator FORSHAW**—Will all of the 840 employees transfer to the corporate body?

**Mr O'Neill**—That is my understanding, Senator.

**Senator FORSHAW**—What types of employees do you cover? You mentioned clerical and professional. In the professional ranks, could you give me some idea of the qualifications and occupations of your members?

**Mr O'Neill**—Yes, the majority are audiologists who provide the clinical services of the service. There are also research scientists working, for instance, in the National Acoustics Laboratories at Chatswood. Of course, other incidental professionals, such as librarians and so on, are all members of our union. The only workers in AHS who are not members of our union are a minority of the staff who are technical officers who are members of the AMWU.

**Senator FORSHAW**—That would be because of the prior amalgamation between the Metal Workers Union and the old ADSTE union.

**Mr O'Neill**—That is correct.

**Senator FORSHAW**—Are they lab assistants or people like that?

**Mr O'Neill**—They are electronic technicians and people of that nature. They repair the hearing aids and assist in the research effort.

**Senator FORSHAW**—Are the bulk of the employees professional as compared to clerical?

**Mr O'Neill**—Yes, Senator, you are right. Off the top of my head, I suspect the ratio would be about two administrative to five or six professionals.

**Senator FORSHAW**—By the sound of it, all the professional employees are fairly highly qualified and experienced people. What does it take to become an audiologist?

**Mr O'Neill**—It is a four-year degree, Senator. It is three years at either the University of Melbourne or the Macquarie University, followed by a fourth year, which is a postgraduate diploma in audiology. I mentioned in my verbal submission earlier that that apparently is changing in the next 12 months. It will now be a two-year masters postgraduate qualification required. So there will be five years of training in future.

**Senator FORSHAW**—In the transfer from current arrangements, where the members or the employees are public servants, to the new corporatised AHS, will they cease to be public servants?

**Mr O'Neill**—They will cease to be covered by the Public Service Act. They will still be on the periphery of the Public Service, but they will not be covered by the Public Service Act and other related matters in schools.

**Senator FORSHAW**—Can you explain in a little more detail what they potentially lose as a result of that change of status, if you like?

**Mr O'Neill**—It is partly psychological, Senator. People felt that they had a certain tenure in the Public Service, albeit a tenuous one. As you would be aware, it has traditionally been considered a career service. People are now feeling that they no longer have a career in the Public Service. It is very difficult for them to get transfers within the Public Service, should they wish to. There will be some opportunity to seek employment in the Public Service for a period after the transfer.

**Senator FORSHAW**—That was a further question I wanted to ask, but you have raised it. Is there any proposal whereby staff who transfer and then find for some reason or other that they do not particularly like it or are not comfortable and would rather remain within the Public Service structure would have an opportunity to seek redeployment to some other department or area of the Public Service? This has been an issue that your union has dealt with on quite a number of occasions in corporatisation and privatisation arrangements. I can recall in some cases those provisions have been made available. For instance, within 12 months an employee might elect to return to the Public Service and seek a position elsewhere. In other cases no such opportunity has been offered. What is the case here?

**Mr O'Neill**—Would you mind if I had 10 seconds to confer with somebody?

**Senator FORSHAW**—You can take 20 seconds if it means getting an answer.

**Mr O'Neill**—Sorry, Senator, I should have been better prepared for that question. Firstly, a bit of history: Australian Hearing Services has been a statutory authority for the last six years, so it had moved part-way out of the Public Service already. During that period there were some opportunities for people to seek work opportunities within the Public Service. The important issue, I guess, is that most of the people in Australian Hearing Services are specialists—they are audiologists or they are technicians in hearing aids—so the opportunities to move into other areas of the Public Service are quite limited for them. We are probably talking about a smallish minority of the clerical staff who may wish to transfer back. I cannot think of anywhere where it is laid out that they will have that right of return once they are corporatised. I cannot seriously say yes or no. I apologise for that.

**Senator FORSHAW**—It is one of the concerns because, while there may certainly no longer be a guarantee, nevertheless there is still a perceived security of employment, as it were, in the public sector—

**Mr O'Neill**—That is correct.

**Senator FORSHAW**—As distinct from the private sector or corporatised bodies. Are there any other particular issues, for instance, entitlements to long service leave and other conditions, which in the past may not have been spelled out in awards or may not end up in enterprise agreements but rather come by way of statutory application?

**Mr O'Neill**—Yes, there are the Maternity Leave (Commonwealth Employees) Act and the Long Service Leave (Commonwealth Employees) Act in particular that apply to employees under the Public Service Act and they will not apply to Australian Hearing Services staff. These are the sorts of things that can be picked up in enterprise agreements but, as you would be aware, one of our concerns is that enterprise agreements are of limited duration. We are concerned that when things are back on the table for negotiation after a two-year agreement, they may be lost in the next round of negotiating.

**Senator FORSHAW**—Presumably under the current arrangement, if you have an enterprise agreement with AHS—as it is at the moment—that runs its course and is not renewed or replaced for a period of time, the statutory provisions in respect of, say, long service leave—or whatever the other standard conditions are—would continue to apply?

**Mr O'Neill**—That is right.

**Senator FORSHAW**—But that will not necessarily be the case under the new arrangements?

**Mr O'Neill**—Yes. My understanding is that, under the new arrangements, once the workers are corporatised out of the Public Service those acts would no longer apply to them.

**Senator DENMAN**—In your submission you speak of rural and remote areas. What is your membership in those areas?

**Mr O'Neill**—Our union membership?

**Senator DENMAN**—Yes.

**Mr O'Neill**—I could not put a figure on it. AHS has 80-odd hearing centres around Australia. They vary in size from two or three people up to 10 or 12 people in each of those hearing centres.

**Senator DENMAN**—So your concern is that these services may no longer exist or may be downgraded or downsized?

**Mr O'Neill**—That is certainly our concern. That is a common thread through our submissions in other hearings of this committee. For instance, with the Commonwealth Rehabilitation Service we had similar concerns that clients in rural and remote areas were likely to suffer from a lack of service because when you have a competition policy there is a tendency to close down the less competitive offices.

**Senator DENMAN**—That is all. Thank you.

**CHAIR**—Thank you very much, Mr O'Neill.

[11.37 a.m.]

**BIESKE, Mrs Noleen Mary, Member, Committee of Principals and Heads of Services for Deaf and Hearing Impaired Children, c/- Correspondence Secretary, Mountview Facility, Mountview Primary School, Shepherd Road, Glen Waverley, Victoria 3150**

**DANN, Mrs Marilyn Jean, Correspondence Secretary, Committee of Principals and Heads of Services for Deaf and Hearing Impaired Children, Mount View Facility, Mount View Primary School, Shepherd Road, Glen Waverley, Victoria 3150**

**CHAIR**—I welcome representatives of the Committee of Principals and Heads of Services for Deaf and Hearing Impaired Children. Witnesses are reminded that evidence given to the committee is protected by parliamentary privilege. I also remind you that the giving of false or misleading evidence to the committee may constitute a contempt of the Senate. We have before us your submission. Do you wish to make any alterations to the submission?

**Mrs Dann**—No.

**CHAIR**—I invite you to make a brief opening statement. At the conclusion of it I will invite senators to ask you questions.

**Mrs Dann**—First of all, I would like to thank you for inviting us to make this statement today. I should also tell you that I am a full-time teacher. I work in coordinating services to 18 profoundly deaf, severely deaf and hearing impaired children in a fully integrated school in suburban Melbourne in Victoria. Noeleen is the principal of St Mary's School for Children with Impaired Hearing.

As I said before, we represent all government and non-government schools for deaf and hearing impaired children throughout Victoria. Over the last 20 years some 3,000 children have had access to the schools and services that we represent. You will see from our submission that the issues that many other speakers have brought to your attention are of the greatest concern to us, too. I will not go into that because I know that we have gone through this before, but we are certainly concerned that in the repeal of the 1991 act there is no legislative guarantee of those very important CSOs.

Our second concern has not been picked up as yet. When our membership was reading through the bill, quite a few of us noted that there was a shift in wording. In the 1991 act and again last year in the reforms, AHS held the exclusive provision of services to children. They were described as being either the sole provider or the exclusive provider. In the new act, that wording has changed. The new act states that AHS will be the principal provider of those services.

We are concerned about this for a number of reasons. We believe that there is compelling evidence that AHS must remain the sole provider of this very important community service obligation. We think there is a great deal of ambiguity about the word 'principal'. I work in a situation where I have 18 children. If half of those children continued to be serviced through AHS but half were serviced through different service providers, I could see an enormous area of my role being compromised in the duplication of services. I would be chasing all sorts of different audiologists and so forth to get the kind of quality of service that I now have for the benefit of my students under the sole provision. We would certainly like to see the wording of the current act changed to ensure that AHS retains the sole provision of that very important CSO.

As I said before, we believe that there is a compelling case that AHS should retain that sole, exclusive service delivery to children. Other speakers have noted that Australia has one of the lowest age of detection anywhere in the world and that is because, despite the geography of Australia and despite the remoteness of many of our kids, uniformly we have such wonderful paediatric protocols. Right throughout Australia, there are 60-odd permanent AHS centres. There are about 180 visiting centres and, over the years, the service that AHS has provided to children and their families has been recognised worldwide as being outstanding.

Children are not easy to test. We deal with children who have been deafened as babies or prelingually. You cannot pop a set of headphones on them and say, 'Do this or do that.' The testing alone to absolutely make sure that you have correctly diagnosed that level of hearing

loss may take many, many visits. I think the average number of visits in the first year is at least eight to 10. We do not believe that the area of children's services should be in anyway a matter of contestability or within the brief of business. We believe that children's services, such as the ones that we have at AHS and are provided for in Australia, are amongst the world's best and we certainly want to see that continue.

As sole provider to children, AHS has delivered us excellent early diagnosis and management of hearing loss. The quality control that exists throughout Australia is uniformly recognised. We believe that our children come to us at school with the very best hearing aids, the very best radio frequency units that are available and free of constraints from any product loyalty or exclusive supply arrangements. We deal with paediatric audiologists. We benefit from their very effective cost bulk-buying, and there is fantastic strategic management of services without duplication throughout the nation.

It is interesting to note that, in Texas, when the Texas system pact was introduced—which mimics in any many ways the service of government provided AHS services—the age of diagnosis dropped from 3.9 years to 1.8. We have many research papers which show that overseas countries greatly admire what we have here. I was reading a paper only the other day which was published in Denmark—a tiny country—where they found that only about 32 per cent of private providers working in the field got it right with respect to the diagnosis of children and said that because there were so few deaf children being born in that area—there was such a low incidence of impairment—it had to be handled by a centralised government agency. That is what we have in Australia, and it is excellent.

The second area of concern to us is the level of funding for community service obligations. We have already seen what appear to be arbitrary reductions in this area—a reduction of about \$3 million which, in the Senate estimates committee in June this year, was justified as an encouragement to Australian Hearing Services to become more efficient. We believe that claim of increased efficiency is dubious unless it can be shown that the level of service provided by Australian Hearing Services continues in all respects equal to that which has been previously provided and, furthermore, that AHS is not running down its resource base in order to meet its community service obligations.

We are concerned that this encouragement to become more efficient might represent a reduction in funding with little realistic expectation that previous levels will be maintained. We certainly believe that, if the government is serious in its claims that it is possible to introduce significant efficiencies that are not being presently recognised, it should be able to specify how and when these improvements may be found; and we have not seen evidence of that.

You will see in our submission that we go on to talk about the level of community concern about the provision of hearing services. I can certainly speak from my own experience—as Noeleen can. I work in a school with 18 children. The benefits that my students get are that, if their equipment is faulty, I get immediate exchange or immediate repair. I get a regular visit from a paediatric audiologist and a senior clinician. I only have to deal with one paediatric audiologist. It is a highly efficient, intelligent work practice. She comes to us for a morning and sees all 18 children. Some children might need only a few minutes. She needs to check that the equipment is right and that their ear moulds still fit correctly. She does an impedance test to check the health of their middle ears. They might be out of class for just a few minutes.

The next child might come in and we might be doing speech perception testing. There might be a need to do some more mould impressions. The fitting of the ear mould into the ear is

critical and, in growing children, the ear moulds need to be changed very often. That child might take an hour. Over her visit, she sees 18 children. They are not out of their school program for very long at all. It is done in the real world—at school, where the children feel most comfortable.

As I said, I deal with one person. If the current provision changed and I found myself having to coordinate the services of 18 children—principally to AHS but also to include other providers—the coordination involved would, I think, just add so much to my role and really reduce the efficiency of something which is working so well. The coordination of radio frequency units is a terrific example here. With my 18 children, I have five who use cochlear implants. They, too, use a radio frequency system, but it is a little bit different to the one that is used by hearing aid users. This is totally coordinated.

In one classroom, I have three little girls who are all using radio frequency equipment. They must use the same frequency, otherwise the teacher would have to wear three discrete transmitters—three microphones. Through AHS, those three children are all using the same frequency. Children in the next room must be on a different frequency—a frequency which does not interfere with the first classroom.

I have 11 different classes at my school in which we use radio frequency. The senior clinician from AHS came out and made sure that those frequencies were not interfering with one another, that there was no white noise apparent coming from the roof. He worked out which frequencies were going to be best with our metal roof and he advised us on strategies for use near computers, and so forth. If the service provision model is open to private practitioners, I could not possibly hope to get a private provider coming out to give me that sort of service for maybe one or two children. It would just not be economically feasible. As it is now, it is very cost efficient and we have a remarkably good service.

Children who are not in units such as mine or in special schools for the deaf, children who are individually placed out in schools—the majority of deaf and hearing impaired children throughout Australia are in mainstream schools, not in big clusters such as mine or Noelene's—also have a very effective network provided by their local AHS or regional AHS centre. There is an itinerant visiting teacher service delivery model in Australia and that visiting teacher is in regular contact with the AHS centre. There is just one person dealing with one person, one teacher dealing with one AHS paediatric audiologist. Children do not slip through the net. All new referrals go to that one visiting teacher. That visiting teacher then goes to the school to make sure that everything is in place for that deaf or hearing impaired child to access the best quality education that is possible in this country.

All this is just so important to us. A visiting professor from Canada, Richard Seewald, commented, 'Australia is the best place in the world to have a hearing impaired child. The quality of paediatric hearing services available here is unique and, if they are ever under threat, do everything you can to retain them.' That is what we are doing here today.

**Mrs Bieske**—I have had some experience working overseas in various facilities for the deaf in England and Canada, and particularly in America where there was not a state body or a central body that dealt with the supply of hearing aids or equipment to schools. As a result, you may end up with a classroom full of children all wearing different aids which required different services, different audiologists. Some children did not have any aids at all because the parents were not consistent enough to get them repaired. We also had difficulty with FM systems. Having worked in those systems, I can say that we will fight every way we can to retain what we have in Australia because it is one of the best services.

Regarding the research arm of AHS, many schools—including both of our schools—have been involved with NAL over many years, trialling new hearing aids and new radio frequency systems before they became part of the general marketplace so that they were able to work out which was best going to suit the environment. They have also assisted in Aboriginal communities in providing looped systems as well as microphones within the classrooms, to assist children who are not able to be aided because of their chronic middle-ear infections. Also, they are assisting in some way some of our conductive hearing loss children. It is the best service that we have.

Even though children are only 23 per cent of the clientele of AHS, we do not believe they receive 23 per cent of the funding. But they are a very vital part. If they are given the right provision in the early ages, they will progress through the school system to go on and become participatory members of society.

My school is prep to year 12. We all have graduates who have gone on to university, to TAFE colleges and into the work force. Every deaf child has the right to do that, and that is dependent on getting adequate, consistent and reliable aiding through their schooling years.

**Senator FORSHAW**—I also compliment you on the level of detail in your submission. It has meant that I have not had to worry about too many questions.

One of the issues you raise—which so far has been raised by all witnesses and, indeed, in the many other written submissions we have received—is concern about the future delivery of community service obligations. You have pointed to the change in terminology from ‘sole provider’ to ‘principal provider’. Have you had any discussions with either the government or the Office of Hearing Services to sort out the issue of what is happening and what will happen with the review?

**Mrs Dann**—Yes. We have written to the minister for health about the review into children’s services and asking that we be allowed to have substantive input to that. We asked also whether we could have a committee representative on that, but evidently the committee had been formed before we heard about it. However, we have written to him asking for substantive input.

**Senator FORSHAW**—What has been the response so far?

**Mrs Dann**—We have been told that there will be community hearings, I think starting in about October; and yes, we will be invited to speak to them.

**Senator FORSHAW**—But are they specifically on the issue of community service obligations? I mean we are here talking about children.

**Mrs Bieske**—We are not very sure of what the brief was, really. It was to do with the review of children’s services, and that is really as much as we have been told.

**Senator FORSHAW**—But your position is that you want the AHS to remain the sole provider?

**Mrs Dann**—The sole provider, yes.

**Mrs Bieske**—Yes, definitely.

**Senator FORSHAW**—And the CSO with respect to children’s services: I would imagine that you would support—and I do not want to put words into your mouth—the proposition that it should be enshrined in legislation.

**Mrs Dann**—Yes, we have said that—that we really think it must be written in, that it must be guaranteed.

**Senator FORSHAW**—There has been a reduction in funding to AHS since the 1996-97 budget. Can you tell us whether that reduction in funding has led to any problems able to be identified by you? You have talked of your concerns about further problems in the future with research and so on.

**Mrs Dann**—As I have said to you, we enjoy a wonderful relationship with AHS. Noeleen and I both deal with the one paediatric audiologist. But just recently we found that that person now is having to provide services into South Australia. The clinician with whom we deal is having to travel much further afield; he now goes down to the Geelong-Warrnambool south-west corner of Victoria. I know that, in getting her regular school based visits, Noeleen has found them to have become a little bit more spaced out. That would be the most significant difference I have noticed in recent times.

**Mrs Bieske**—I would say that there also has been a great delay in the supply of FM systems. There are never enough. There is always a waiting list of children. Particularly with newly diagnosed children who may be coming into the school system or into the early intervention centres, there is quite a delay.

**Senator FORSHAW**—I understand the current policy is that FM systems are primarily directed to the more serious cases.

**Mrs Bieske**—We have children with all degrees of hearing loss with radio frequency aids. It is not just limited to profoundly deaf children. You just have to go onto a waiting list. That is the delay that we have. Similarly, now that the cochlear implant process parts are coming through AHS, there has been some great delay in getting replacement parts—coils, cords and microphones particularly. Microphones have been like gold to find. That has happened only in the last six months.

**Senator FORSHAW**—Do you have any contact with private providers?

**Mrs Dann**—No.

**Senator FORSHAW**—I would assume that, given that you are essentially dealing with children. Do you see some role for the private providers in having more of an involvement in education and school visits?

**Mrs Bieske**—The only private providers we may have had some contact with may have been through the cochlear implant clinic. There are some audiologists there who perhaps could have been involved, but that has been a very minor involvement on the whole because AHS is the main dealer or the main provider that we deal with. It would be a statistical nightmare if you had one group of children with three or four different audiologists involved with that particular group of children to get the contact we currently have with an audiologist, particularly the consistency.

These paediatric audiologists sometimes have had a child right from the fitting of aids or the date of diagnosis. So they know the history of the child, particularly children who have been very difficult to fit and who have had a history of needing a lot of contact over the years with an audiologist. It would be very hard to deal with many different audiologists. I cannot see how they could effectively run a business and come into schools and do the services that AHS do in a couple of hours. I have 25 primary aged students and I have 19 secondary aged students, and I get a service at my three campuses from AHS. That cuts down the amount of time that children take out of school, particularly at high school level but also at the primary level. It is done on the spot.

**Senator FORSHAW**—What is the frequency of that service from AHS?

**Mrs Bieske**—At the moment we have a fortnightly visit from a paediatric audiologist and a fortnightly visit from a technician.

**Mrs Dann**—I have a monthly visit. Several years ago in Victoria, when more of the sorts of facilities that I am coordinating started up, we met together over a series of meetings with AHS, with the senior people from Melbourne, and we worked out protocols which amounted to a period of time per number of children. It was something that they believed would be very cost effective and which we saw was very fair. At the moment I am getting a monthly service, and Noleen is getting a fortnightly service. We both feel that our children are very well catered for. The fact is that I am only ever a phone call away. I know that the phones are always manned. The centre at Dandenong is big enough. If I cannot speak to the paediatric audiologist, she will get back to me that day. As I said before, I have immediate exchange of faulty equipment. I have loan aids. It is just a wonderful service.

**Senator FORSHAW**—On those visits are they there the entire day?

**Mrs Dann**—I have the paediatric audiologist for the whole morning. Sometimes with complex cases she goes over time, but she is booked to come for the whole morning.

**Mrs Bieske**—I have a fortnightly visit of an hour and a half to two hours depending on the need.

**Senator FORSHAW**—Thank you.

**CHAIR**—Thank you very much for taking the time to join us.

**Mrs Dann**—Thank you.

**Mrs Bieske**—Thank you.

[12.12 p.m.]

**BLAZOW, Mr Nicholas, Assistant Secretary, Corporate Development Branch, Department of Health and Family Services, Woden, Australian Capital Territory**

**DeGRAAFF, Mr Peter Joseph, Acting National Manager, Office of Hearing Services, Department of Health and Family Services, MDP 113, GPO Box 9848, Canberra, Australian Capital Territory 2601**

**MURNANE, Ms Mary, Deputy Secretary, Department of Health and Family Services, Woden, Australian Capital Territory**

**REYNOLDS, Mr John Thomas, Director, Portfolio Support Unit, Department of Health and Family Services, Woden, Australian Capital Territory**

**WIGHT, Mr Barry James, First Assistant Secretary, Disability Programs Division, Department of Health and Family Services, Woden, Australian Capital Territory**

**BUTLER, Mr Warren, General Manager, Operations, Australian Hearing Services, 126 Greville Street, Chatswood, New South Wales 2067**

**O'BYRNE, Mr Peter, Managing Director, Australian Hearing Services, 126 Greville Street, Chatswood, New South Wales 2067**

**CHAIR**—I welcome representatives from the Australian Hearing Services and the Department of Health and Family Services. Witnesses are reminded that the evidence given to the committee is protected by parliamentary privilege. I also remind you that the giving of false or misleading evidence to the committee may constitute a contempt of the Senate. You will of course not be required to answer questions on advice that you may have given to government in the formulation of policy or to express a personal opinion on matters of policy.

The committee has before it your submissions. Do you wish to make any alterations to those submissions?

**Mr O'Byrne**—No.

**Ms Murnane**—No.

**CHAIR**—I now invite you to make a short opening statement, at the conclusion of which I will invite senators to ask you questions.

**Mr O'Byrne**—Perhaps just to set the context for Australian Hearing Services, I would like to give a little detail about the organisation. It has 180,000 clients. It fits 85,000 hearing aids a year. It sees 42,000 children a year, of which the majority are tested but do not become clients. It has 14,000 children clients on its records. We operate from 70 permanent sites right across Australia. We have approximately a further 200 sites which we visit on a regular basis. We also visit 120 schools on a regular basis. We put 4,000 hours into school visits per year. We have 180 urban, rural and indigenous community areas which we visit. We also on some occasions have home visits to clients who cannot travel.

We have a research arm which is hearing related. Hearing loss prevention, including community education and the dangers of noise, is an important part of this work. We work closely with the department on standards and contracts. These are the standards by which we provide the community service obligations. We hope and expect to continue with these services after the passage of this bill. Thank you.

**CHAIR**—Thank you.

**Ms Murnane**—I have some opening remarks I would like to make in addition to our submission. In the 1996 budget the government announced reforms to the hearing services program. These reforms increased choice of service provider and hearing aid for eligible adult consumers. The reforms also committed to maintaining at least current levels of quality and improving on quality over time. The focus of these reforms was unequivocally the consumer. The government also decided at that time to separate from Australian Hearing Services the contracting and regulating functions it had assumed in previous years. These responsibilities were transferred to the Office of Hearing Services in the department in July 1997.

The new voucher system commenced on 1 November 1997, and it provided eligible adult consumers with complete choice of their service provider. When consumers receive their voucher they are also given a list of accredited providers who are contracted to the Commonwealth to provide government funded hearing services. They can select the provider most convenient to them. They are no longer directed to either the public or private sector. Consumers who wish to access an aid that is not available free under the hearing services program can now direct the government subsidy towards the cost of this aid providing it is an approved top-up device. This option was not available to consumers before 1997.

The Office of Hearing Services recently conducted a survey of 1,100 clients of the hearing services program to determine levels of satisfaction with the program and extent of hearing aid usage. Almost 300 responses were returned within the first week and a response rate close to 70 per cent was achieved. Preliminary analysis indicates that almost 93 per cent of clients were very satisfied or satisfied with the services provided; over 86 per cent were very satisfied or satisfied with their hearing aids; 96 per cent were very satisfied or satisfied with their service provider; and around 90 per cent of clients rated the written information provided by the Office of Hearing Services as very easy or easy to understand.

We also have a number of other windows into how the system operates. The Office of Hearing Services operates two 1800 free-call hotline services—one for clients and the other for contracted hearing service providers. During the period 1 November 1997 to 31 July 1998 approximately 8,700 calls were received on these lines. People calling the hotlines have their query resolved, or they are encouraged to pursue the issue of concern until they are satisfied. We also operate a complaints system. The level of complaints lodged to date does not indicate widespread dissatisfaction with the system.

I have taken the opportunity to examine the other submissions to this inquiry, and I would like to address what I see as the main cluster of issues raised: firstly, concern that following the passage of the bill the community services obligations delivered by AHS will not be specifically covered by legislation; secondly, concern that AHS might not be the exclusive provider of children's services; and, thirdly, concern that undue pressure may be exercised by some providers on consumers to purchase a top-up device. I would like to deal with these in turn.

The passage of the bill will see the restructure of AHS as a Commonwealth owned company limited by shares. This will put it on a more equal footing with its competitors. The new company will be established administratively under the Corporations Law. The Australian Hearing Services Reform Bill 1998 provides for a number of administrative measures mainly of a transitional or consequential character necessary to facilitate the structure. Key measures include the provision for the transfer of AHS staff, assets and liabilities to the new company as of a specified date. This includes protection for the entitlements of staff transferred to the new company and the repeal of the Australian Hearing Services Act 1991.

It is important to emphasise that the new company will be subject to a range of ongoing controls by the government. Company status does not entail a relinquishment of government control. It will be a wholly owned Commonwealth company subject to scrutiny by this portfolio and the Department of Finance and Administration. It will be required to operate within the government business enterprise governance arrangements, which among other things will require it to keep the ministers informed on important issues, to seek approval annually to its corporate plan and provide regular reports on its performance, both financial and general operational. The corporate plan must include details of—amongst other things—community service obligations of the GBE, including strategies and policies the GBE is to follow in carrying out those obligations.

Its board will be appointed by shareholder ministers and shareholder ministers will continue to exercise strategic control consistent with their accountability to parliament and the public. The company will be subject to the Commonwealth Authorities and Companies Act and will have to comply with its memorandum and articles of association which will remain in the control of the Commonwealth.

The company will continue to provide community service obligations under a binding service contract with the purchaser, the Department of Health and Family Services. The company will have to comply with accreditation arrangements for participation in the hearing services voucher arrangements.

It is important to understand that company status does not bring with it any change of policy. Under the new bill the government has indicated that it will continue to fund AHS to provide CSOs at the current level and quality of service. There is no threat at all to CSOs under the new bill.

Some submissions to this inquiry have expressed concern about service providers other than AHS also having the power to provide services to children. I must stress here that the government is committed to excellence in the provision of hearing services for children and reiterate what is said in the departmental submission, that there are no plans to use any provider other than AHS to deliver CSOs. There are countless references in second reading speeches and letters sent by various ministers and parliamentary secretaries responsible acknowledging the special expertise AHS has in this area.

As I said at the outset, the consumer is the focus of these reforms and there are safeguards in place to ensure that the consumer can exercise choice with regard to top-up devices, but at the same time be protected from pressure to purchase a top-up device.

All service providers under the system are accredited and sign a contract. The service provider contract states at clause 13(1):

The contractor must advise clients that an appropriate range of hearing aids approved by the office is available to them free of charge to meet their hearing rehabilitation needs before any advice can be given to the client on the availability of top-up devices.

The provider contract also provides for the termination for default if the contractor is in breach of any of its obligations under this agreement.

We reinforce this requirement on a continual basis through newsletters to service providers, brochures explaining what assistance is available from the program and what additional benefits may be available from top-up devices and advertising of the complaints system. When a complaint is made about a provider, an audiologist from the Office of Hearing Services discusses the complaint with the provider and the client is advised of the outcome. Typically, such complaints are resolved in two to three days.

We have recently introduced a system whereby these providers are formally reminded of their obligations under clause 13(1) of the provider contract. We are continually monitoring the system overall, particularly the situation with respect to top-up devices.

Quality assurance is an integral part of the improved hearing services program. The quality assurance arrangements are formal and structured. Specific quality measures include: a tiered system of quality devices available free to clients approved under a demanding device specification; a contract with service providers which incorporates conditions of accreditation, clinical standards, rules of conduct, rules of advertising and a requirement to adhere to the Privacy Act 1998; and a formal complaints mechanism.

In addition, in late 1997 the government established the Hearing Services Advisory Committee to provide it with independent advice. It includes all stakeholder groups, including two consumer representatives. The Hearing Services Advisory Committee has set up a number of working groups to examine the range of quality assurance issues, including professional qualifications of accredited providers, clinical standards and general provider accreditation requirements to provide advice on device specifications, service delivery, advertising rules and communications with consumers. In conclusion, I just want to say that the program is underpinned by a very comprehensive quality assurance framework. That is the end of my opening remarks.

**CHAIR**—Are there any further comments? I note comments in your submission and comments you have just made about the binding service contract regarding the CSOs. Today, without exception, every witness has expressed the concern that you have alluded to and it is also in the other submissions that the committee has received.

What other guarantee is there that could be provided to ease people's minds in relation to the maintenance of the CSOs? Is there any legislative mechanism that might be possible?

**Ms Murnane**—It is possible that we could consider and put to the government an amendment to the Hearing Services Administration Act 1997, which is the act under which the Office of Hearing Services operates, to give an absolutely crystal clear legislative direction to the Office of Hearing Services to fund specified community service obligations.

As I have said, in this sort of structural change the practice has been for CSOs to be dealt with in binding contracts. The policy position has not changed, but to put the matter entirely to rest an amendment to the Hearing Services Administration Act could be considered by government, and what would be in that amendment would be fully in line with government policy as it now exists.

**CHAIR**—Fully in line with the binding contract that is enshrined in this legislation?

**Ms Murnane**—Yes.

**CHAIR**—A query was raised by the witnesses who appeared immediately prior to you, who are involved with schooling. They have a concern with the words 'principal provider' and 'sole provider'. I note that in your comments a moment ago you said that there are no plans at all for services to be delivered by anyone other than the AHS. Once again, how do you see an assurance being given to people that that is so?

**Ms Murnane**—All we can say is that there are no plans. I can say—and I am under certain requirements to speak the truth in this committee—that the government has not asked for any advice, for any proposition or for any policy options in relation to children's services being open to contestability, and we have not provided any.

**CHAIR**—The question has also been raised about future research. The CPSU said this morning that they do not believe that future research will be maintained at current levels and that there will be a diminution of that type of research. Does this bill in any way enable that diminution to take place?

**Ms Murnane**—No, not at all. The AHS and the National Acoustics Laboratory continue to get funded under the CSO provisions for research.

**CHAIR**—That is not accepted by the witness.

**Ms Murnane**—I am sorry about that, but there simply is absolutely no evidence to the contrary. All the evidence is in favour of the proposition I have just put.

**CHAIR**—I quoted at the time the provision of the \$3.5 million per annum to the National Acoustics Laboratory through Australian Hearing Services. I was seeking reassurance in that area, the same way in which I asked—I note that you made reference to it in your comments and also in your written statement—about the current entitlements of staff. The question mark has now been raised through these hearings that somehow staff are going to be short-changed in the transfer to the company.

**Ms Murnane**—We have some examples here. Recently the Australian Government Health Service was transferred to company status as Australian Hearing Services. There simply is no example there of any staff member losing any of their entitlements. The commitment has been made that staff entitlements will not change. In the movement to company status, there is entailed no change either to the number of staff. Perhaps I should ask Mr Blazow, the head of the corporatisation unit in our department, to talk more generally about the sort of situation of staff in a transition to company status.

**Mr Blazow**—I was surprised by the comments made by other witnesses, because in fact the bill contains express provisions protecting the entitlements of staff on transfer to any company. I refer the committee to division 3 of the bill dealing with that particular issue. Looking through some of the submissions, and I did not hear the evidence presented this morning, on some of the submissions the issue was made not so much in relation to the transfer of rights on the transfer of staff but in relation to the certified agreement that AHS has in relation to its staff outlining terms and conditions of employment. That certified agreement currently expires in December this year, but it is a matter for AHS to negotiate a revised certified agreement with its staff. I do not know whether Peter O'Byrne may be able to comment on that issue but, as far as the bill is concerned, there is quite express statutory provisions here dealing with the protection of their entitlements.

**CHAIR**—Thank you. Mr O'Byrne, do you wish to make any additional comment?

**Mr O'Byrne**—No, but, in the normal course of running it, we will renegotiate the certified agreement.

**CHAIR**—My final question at this stage relates to the great concern that has been expressed about children's services generally in that there is probably an understandable concern that, somehow or other, children's services are going to be allowed to be less than they are today. Is there some assurance that can be given to parents that there will not be any running down of those services and that there will be the earliest possible detection of any hearing deficiency in children?

**Ms Murnane**—That assurance has been given by Ms Worth, the parliamentary secretary responsible, on many occasions and in many letters. She has said that there is a commitment to maintaining the level and quality of services to children. That is absolutely unqualified. That was said when the bill that introduced the first phase of changes was introduced into the House of Representatives in February 1997. It has been repeated ever since. There is no qualification to that.

**CHAIR**—Not that I expect you to comment, but I did make the comment earlier that there are many political reasons why any government of any colour, I would imagine, would not see any reduction of services.

**Senator FORSHAW**—Maybe I could pick up at the point at which the chair left off. I suppose you understand that much of the concern of people with regard to this issue could well derive from the very notion of the introduction of competitiveness in the provision of this service. Is that something that has entered your mind? In other words, not only are you corporatising AHS but also there has been a move by this government towards placing this new body, which was previously a service through the department, into the mainstream, if you like, of competition policy. It introduces the element that this government owned instrumentality, which primarily has had an obligation and which has been primarily funded by government to provide services and assistance to people with a particular disability, is now going to be put into the mainstream of competition policy being introduced across the public sector generally. The moment you do that and you also remove what has traditionally been a monopoly position, you raise concerns about whether competition down the track will mean reduction in services and reduction in commitment to community service obligation. Can you understand people having that attitude?

**Ms Murnane**—I can understand the attitude, yes. I guess what I would like to talk about now is how we are striving to validate the proposition that competition can work to the benefit

of people and that they can be protected from what some of the possible adverse results of competition may be.

**Senator FORSHAW**—I think you have actually put your position in that regard, but I want to start with that point and then ask you these questions. Mr O’Byrne, in your brief introductory remarks you talked about putting AHS on a more equal footing with your competitors. Ms Murnane, you went on to give various assurances on behalf of the department and, presumably, on behalf of the government. In order to back up those guarantees and allay these concerns that people no doubt have, why not start from the proposition of having the CSOs enshrined in legislation rather than removed from legislation? You have put forward a proposition, but is that going to be pursued with the government? Isn’t it a better idea than what is currently proposed?

**Ms Murnane**—What has become apparent to us since we have been reading the submissions—since 10 August or whenever we got the submissions—is that the fact that there will not be a specific clause in the legislation obliging the purchaser to purchase CSOs is seen as an area of high risk. There have been countless guarantees made. The money is there in the appropriation and in the forward estimates. In response to Senator Knowles’s question asking whether there is anything we can do to actually give legislative absolutely copper-bottomed assurance in the context of the current policy structure, I am saying, yes, I believe there is. It is not something that I have discussed with the minister and the parliamentary secretary concerned but it is something that we could look at, that I believe is highly feasible, and that may be able to serve the purpose of bringing greater confidence in the reforms.

**CHAIR**—May I just intervene, Senator Forshaw, and give a commitment as chairman that I will be making a recommendation in the report that the government look at enshrining those CSOs as an amendment in the 1997 act but not in this bill because it does not apply to this bill.

**Senator FORSHAW**—We may have agreement on that issue.

**CHAIR**—Good.

**Senator FORSHAW**—Let us wait and see. I was going to go on and say that one could have regard to the approach adopted by ministers in other situations such as proposals to enshrine the CSOs for the ABC into legislation, or proposals to enshrine the CSOs for Telstra into legislation, but I will not mention it. What progress has been made in relation to the review of the community service obligations that has been mentioned previously?

**Ms Murnane**—There has been no progress at all on the review of the community service obligations. We are not actively reviewing the community service obligations at the moment.

**Senator FORSHAW**—From memory, the parliamentary secretary indicated that that was going to be done as part of this process of drawing up the contractual arrangements, if you like.

**Ms Murnane**—Sorry, Senator, I misunderstood your question. We are trying to get a greater factual underpinning of what is involved in services to children and what is the full range of habilitative and rehabilitative services. We have reached an agreement with Australian Hearing Services that they will provide on a regular basis information to the Office of Hearing Services on the numbers of clients, the nature of clients and the service provided to enable us to put a framework around what is best practice in this area. That is something that is ongoing.

**Senator FORSHAW**—Again, the requirement for those things to be done is not actually spelled out in the legislation, is it? For instance, you said in your preliminary remarks that

you were going to require the providers to have a corporate plan, this all had to be approved and so on, but I cannot see any legislative backup for that, unless it is in the regulations.

**Mr Blazow**—It is provided for expressly in the Commonwealth Authorities and Companies Act, which requires Commonwealth companies to provide annual reports to inform ministers on a whole range of issues. It is also covered quite expressly in the GBE governance arrangements. Again, there is a whole range of issues that companies have to report on to shareholders and ministers.

It is not appropriate for it to be dealt with in this particular bill because this bill is dealing only with the transitional and consequential provisions predominantly about the transfer of staff assets and liabilities. The actual establishment of the company itself would be done under the Corporations Law.

**Senator FORSHAW**—That could take care of that. In relation to the issue of research, again, you have given a guarantee, but I understand that one of the reasons for the concern is that, given the reductions over the last two budgets in funding for AHS and if in a competitive market AHS runs into difficulties with regard to services, the research focus might decline or be jeopardised in order to prop up the other aspects of AHS's operations. Is that a legitimate concern or is it something that people should not really worry about?

**Ms Murnane**—I do not see that as a possibility the way we currently have our CSO agreement with AHS. There is a specified appropriation for research. Our agreement with AHS is that that money—\$3.5 million—is spent on research.

**Senator FORSHAW**—That will continue into the future in new agreements, will it?

**Ms Murnane**—It will continue as an identified element, yes. Research in this area is tremendously important.

**Senator FORSHAW**—I appreciate that.

**Ms Murnane**—The research undertaken by the National Acoustic Laboratories adds tremendously to the value of hearing services in Australia.

**Senator FORSHAW**—Turning to the issue of children's services, can you give any guarantee that they will not be opened up to the same competition that will apply to adult services?

**Ms Murnane**—I think that is a matter for governments.

**CHAIR**—It is a policy decision of any future government, basically.

**Senator FORSHAW**—If that is the case, then it is a bit hard to know how guarantees can be given, which is at the core of the concern of the evidence that has just been given by people a moment ago. To summarise, they believe you have a terrific system delivered by AHS, and they do not want it to change. They do not want it opened up to a mishmash of private providers and whatever else. They want to retain this system which is reliable. If you listened to the evidence of the previous witnesses, I think they made that abundantly clear. Unless, again, it is enshrined in legislation that CSO obligations with respect to children's services will be solely provided by AHS, then potentially it can be wound down.

**Ms Murnane**—Senator, perhaps if I could respond in this way: first of all, there are two propositions there. One concerns the policy commitment, and that is ironclad. Again, that is for successive governments to decide whether or not they will stand by that policy commitment. Senator Knowles has just made a commitment in relation to legislation. Then there is the question of who delivers. Unquestionably, AHS, as virtually at the moment the

sole provider for services to children, is doing an excellent job and has an enormous amount of consumer satisfaction.

It seems to me that what you are getting at is: is it good public policy to say absolutely and under no circumstances would any government ever consider anything different? AHS is operating very well in terms of children's services, in terms of all the indicators and client satisfaction. Let us look back to the late eighties and early nineties when the previous government commissioned a then Industry Commission inquiry into AHS as a result of countless complaints by consumers that AHS was not responsive, that it was not flexible, that consumers were not happy with what was then called the National Acoustic Laboratories.

All of the recommendations of that inquiry were not implemented by any means, but a lot of changes were made. Australian Hearing Services was created as a statutory authority. It was put under greater and more specific directions from government. I am saying that I think that the policy good here is the service to consumers—that is the ironclad commitment. I am just wondering what incentives it provides for improvement if you were to actually say that one service provider has an immutable guarantee that they will have it forever.

**Senator FORSHAW**—That is drawing a rather long bow from what I put. The very fact that changes to the legislation were made previously and that there are legislative changes proposed here to the structure involves recognition that future governments can change that legislation again if it felt for good policy reasons that it should be changed. All I am asking you is: given that there is this acceptance of the fact that AHS does such an excellent job in children's services and it does have this monopoly position, can guarantees be given that that will continue under this structural change?

If somewhere down the track a future government wants to revisit that, then it has to revisit it by way of seeking to change the legislation. Nothing is immutable in that respect. In other words, it is stronger than a guarantee. It comes back again to the old discussion about 'If you put it in the legislation, it adds strength and it alleviates concerns.' Rather than just governments giving guarantees, it enables the parliament to revisit the issue. It enables the issue to be examined through the estimates process—where some of these things will not necessarily be able to be examined through the estimates process in the future.

**Ms Murnane**—They would still. This is totally hypothetical—

**Senator FORSHAW**—That depends upon the nature of the contractual obligations. We run into these problems all the time—'Sorry, it is commercially confidential'—because of the fact that it would place, for instance, the corporation in a disadvantageous position compared to its competitors in the marketplace if that information were made available. That is a common excuse that is put forward to deprive us of information.

**Ms Murnane**—If the department, as purchaser, were responsible for purchasing a service from a provider other than AHS, it would still be answerable to a Senate estimates committee—as we are currently for eligible adult clients. I do not think it has been pursued very much in hearings since competition for that client group has been established, but we are certainly subject to investigation and inquiry from a Senate committee on that.

**Senator FORSHAW**—We have gone a little bit off the track. The point I was getting at was: you said that you really do not see any argument in favour of enshrining in legislation the particular responsibility of AHS for CSOs for children's services, and I am putting to you that there is an argument for that. It is never immutable in any event because future governments can seek to amend the legislation.

**Ms Murnane**—That is for the government to consider. I refer to a submission that said that the important issue is not so much who provides the service but rather that the services are enduringly of a high quality and that that quality does not fall but improves. A submission that made that comment in relation to a number of things comes from the Deafness Council of Western Australia.

**Senator FORSHAW**—You have indicated that the guarantee is there, and we anticipate it is there. Regarding the hearing services advisory committee, can you provide—maybe you do not need to do this now; it can be put forward in written form—some details about that committee—what are its terms of reference, who are its members, what are the qualifications of the members, how were they chosen, how often did they meet, and what confidentiality provisions applied to it? Would you do that for us?

**Ms Murnane**—Yes.

**Senator FORSHAW**—Some concerns have been raised about cutbacks in services within Australian Hearing Services and mention has been made that interpreters are no longer available. Mention was also made of reductions in school visits, though I concede that the submission says that that goes back before this current discussion. What commitments can be made by AHS regarding, for instance, the continued provision of interpreters to assist clients from non-English speaking backgrounds? I will put these questions to you and you can give one answer. Can you give a commitment that, for instance, the price of batteries will not rise in the first couple of years of your operation? These are things that people want to hear about.

**Mr O'Byrne**—On the question of interpreters: we are not specifically paid for interpreters but we continue to use them. We have an interesting example in Melbourne where we recently used Greek interpreters to both serve our community and bring voucher clients to our business. We do continue to use them but we are not specifically paid for them. On the question of batteries: that will be a matter of negotiation for the Office of Hearing Services.

**Ms Murnane**—I can add to that. Batteries and the price of batteries are something that are specified by the purchaser. Neither AHS nor any other provider could raise the cost of batteries without an agreement by the purchaser, and of course that would come to us from the government. So that is protected.

In relation to interpreters, prior to the introduction of competition for eligible adult clients, AHS did spend some money on interpreters. We were able to identify an amount. So did some—but not very many—of the private contractors that AHS then contracted to. We included that money in the service fee. So Mr O'Byrne is right in saying that there is no specific funding, but there is recognition and that was rolled into the service fee.

**Senator FORSHAW**—As I understand it, because of AHS's ability to purchase products in bulk and achieve savings that way, it is paid less for the services than the private sector providers. Is that the case and will that continue? If it is the case, what will the arrangements be when you are fully corporatised?

**Ms Murnane**—It is not the case for services; it is the case for devices. That springs from the fact that AHS has a contractual relationship with a Danish company, Bernafon, that gives them access to high quality aid at a very favourable price. That contract was negotiated by the previous government. Other providers do not have access to that contract. AHS are able to provide the high quality aid they were providing before the introduction of competition at a price similar to that agreed in the early 1990s with Bernafon and the government reimburses them for that cost. They do not get an extra add-on that would give them a competitive advantage.

**Senator FORSHAW**—So you do not see AHS as being potentially disadvantaged under the new system?

**Ms Murnane**—They are definitely not disadvantaged. This contract goes until 2002. At that stage, when AHS does not have the protection of that contract, the situation that leads to them being paid less by the government for the purchase of devices will no longer be there, unless there is another similarly large contract.

**Senator FORSHAW**—Do you take account of movements in the exchange rate? Do you get particularly large fluctuations?

**Ms Murnane**—We are now considering information that we have from service providers in relation to the exchange rate and we are having discussions with a view to an agreement with the Department of Finance and Administration to adjust the price in accordance with that.

**Senator FORSHAW**—Mention was made in a written submission, and a witness made the comment, that in the voucher system the value of the voucher is not sufficient and some of the private providers are concerned about that. Firstly, have you heard those complaints and, secondly, what is your response?

**Ms Murnane**—Yes, some providers and manufacturers have started to talk to us about the price. This is entirely appropriate and we are now in a lead-up to a renegotiation of the price. That will be completed by 1 November.

**Senator FORSHAW**—Thank you.

**Ms Murnane**—I will just add one thing. Mr Wight informed me when I came in that a comment was made by one of the previous witnesses in relation to the Commonwealth-state disability agreement that is in fact not correct. We would like to make a correction on the record. Mr Wight will do that.

**Mr Wight**—Mr O'Neill from the CPSU suggested earlier today that the CSDA had fallen into disrepute—I think those were the words he used—over the last couple of years and that this may lead to a greater demand for hearing services. I would like to put on the record that this is incorrect. A couple of months ago all states and territories and the Commonwealth government signed a new CSDA—a Commonwealth-state disability agreement—which actually includes increased funding for a range of disability services, including accommodation and employment services for all job seekers with disabilities. So it should not in any way impact on the demand for hearing services.

**Senator FORSHAW**—The national Aboriginal community controlled health organisation has expressed some concern about the operation of the memorandum of understanding between AHS and the office of Aboriginal and Torres Strait Islander Health Services in the department. Will that MOU continue to operate?

**Ms Murnane**—Indeed. That is totally outside the operations of this bill. That is a contract or a memorandum between the office of Aboriginal and Torres Strait Islander Health Services within our department and Australian Hearing Services. It contracts AHS to undertake certain work services in relation to Aboriginal and Torres Strait Islander people. That is totally unaffected by any of this.

**CHAIR**—Thank you.

**Committee adjourned at 1.03 p.m.**