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**Submission to the Transport and Industrial
Relations Select Committee**

On the

**Injury Prevention, Rehabilitation and Compensation
Amendment Bill 2009**

From the

New Zealand Audiological Society (NZAS)

Lesley Hindmarsh, President, NZAS

November 2009



1.1 The NZAS is the governing body of Audiology in New Zealand, it regulates professional standards for audiologists. The Society was incorporated in 1975 and as at November 1st 2009 has a total of 273 members: 206 full members with remainder being honorary, provisional or associate members.

1.2 Audiologists in New Zealand work in public hospitals, public educational settings (Deaf Education Centres in Auckland and Christchurch), academic settings (University of Auckland and University of Canterbury), private audiology clinics (self employed or as employees) and for hearing aid manufacturing companies.

Executive Summary

2.1 If passed, Clause 6 of the Injury Prevention, Rehabilitation, and Compensation Amendment Bill would exclude people with less than 6 percent of binaural hearing loss from ACC cover.

2.2 The Bill says: “Section 26 (Personal Injury) is amended by inserting the following subsection after section (4):

(4A) *Personal injury does not include any degree of hearing loss that is less than 6% of binaural hearing loss.”*

2.3 In this submission, the New Zealand Audiological Society (NZAS) submits that the 6 percent threshold will exclude people with a significant disability from accessing cover and entitlement, and should not be implemented. The threshold is a crude instrument, arbitrarily set, and is predicated on cost savings rather than clinical outcomes.

In this submission, the New Zealand Audiological Society (NZAS) submits that setting a 6 percent threshold for hearing loss will exclude people with a significant disability from accessing cover and entitlement, and should not be implemented.



2.4 Specifically, we submit that:

1. *The setting of a threshold for cover would set a dangerous precedent*
2. *Hearing loss is a unique injury: cover and entitlement are already determined by rigorous clinical processes*
3. *The 6 percent threshold will negatively affect employers, workers and communities, and transfer costs to other parts of the health system*
4. *Hearing loss of less than 6 percent is not a trivial or minor injury*
5. *There are better solutions for reducing ACC costs than imposing a rigid threshold for cover*

2.5 For these reasons, we reject the concept of the 6 percent threshold. We note that the 2007, ACCORD, a voluntary industry initiative, involving ACC, is already making good progress on reducing costs. Significant savings have already been achieved. We urge the Select Committee to consider the alternative solutions for making savings outlined at the end of this submission – solutions that will not impact negatively on employers, claimants or the community.



The ACC scheme: Underlying Principles

3.1 Before detailing our submissions on the Bill, we want first to summarise the principles upon which New Zealand's accident compensation scheme is based.

3.2 It is often overlooked that the scheme came about as the result of a social contract made between the people of New Zealand and the government in the late 1960s. When introduced, the scheme had the support of both National and Labour.¹

3.3 In exchange for a no-fault, comprehensive scheme, New Zealanders agreed to abandon their right to sue for personal injuries that are covered by the statutory scheme. The significance of this cannot be understated – in giving up the right to sue, the public also gave up all Court-ordered remedies which flow from civil suits. These included complete compensation for lost earnings (both past and future); compensation for pain, suffering, loss of enjoyment of life and loss of amenity; compensation for loss of congenial employment; as well as compensation for the cost of treatment and/or rehabilitation.

3.4 Instead, New Zealand adopted a scheme underpinned by 'five guiding principles'. These were described by the Royal Commission that recommended establishing the ACC scheme (in what became known as the Woodhouse Report) as:

¹ Blood on the Coal: The origins and future of NZ's accident compensation scheme. Hazel Armstrong, TUHP 2007

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The Five Guiding Principles of the ACC Scheme

1. **Community responsibility.**
2. **Comprehensive entitlement.**
3. **Complete rehabilitation.**
4. **Real compensation.**
5. **Administrative efficiency.**



Overview of Clause 6 of the Bill

4.1 The Government has decided that it wants to reduce costs within ACC. It is looking at many options – including introducing co-payments for physiotherapy, limiting access to MRI imaging, limiting access to sexual abuse counselling and limiting access to surgery.

4.2 As part of this package to achieve savings, the Government decided to reduce the cost of treating hearing loss for those injured at work by noise. ACC came up with the notion of removing cover for those with less than 6 percent noise-induced hearing loss.

4.3 The ACC estimates that introducing the 6 percent threshold will save ACC \$3-4 million a year² out of a total annual spend of between \$55 and \$65m a year.³

4.4 This is the thinking that underlies Clause 6 of the Injury Prevention, Rehabilitation, and Compensation Amendment Bill.

4.5 It amends the current definition of 'personal injury' by stating that personal injury does not include any degree of hearing loss that is less than 6 percent of binaural hearing loss. Put simply, this will rule out cover for claimants whose (otherwise coverable) level of hearing loss is less than 6 percent. It would also have the effect of disentitling people already in the scheme who approach ACC for re-aiding⁴.

[Clause 6] will rule out cover for claimants whose (otherwise coverable) level of hearing loss is less than 6 percent. It will also disentitle some people already in the scheme who approach ACC for re-aiding.

² Department of Labour and ACC hand out on the 6% hearing loss threshold. Undated.

³ see Appendix 1 for references

⁴ ACC has the power to suspend entitlement and/or revoke cover if a claimant is not entitled to cover and/or entitlement.



Our Submissions

5.1 The proposed amendment is of concern for two broad reasons. Obviously, it would be of great detriment to claimants with a coverable hearing loss of less than 6 percent. More widely, it would be the first time that a rigid, numeric threshold for cover has been enacted in the life of the ACC scheme.

This amendment would mark the first time a rigid, numeric threshold for cover has been enacted in the life of the ACC scheme.

5.2 Within these general reasons are five more specific causes for concern:

The setting of a threshold for cover would set a dangerous precedent

5.3 Whilst the ACC scheme currently includes specific thresholds in relation to certain *entitlements* (e.g. lump sum compensation for whole person impairment), no such thresholds exist for the granting of *cover*.

The current needs-based system should be retained. Imposing a threshold for cover would automatically exclude claimants who might have an otherwise legitimate – and provable – need for entitlements.

5.4 We consider that departing from this approach is dangerous. If a person does not have cover, he or she is outside the scheme, and therefore cannot even be considered for any entitlements. Cover thresholds automatically and completely prevent those that fall below them from accessing any entitlements whatsoever. Enshrining this in legislation establishes a precedent for other restrictions on cover.

5.5 Currently, even personal injuries that are very minor are granted cover. However, cover does not in itself guarantee entitlements. It is merely the first step: once cover is granted, the provision of various entitlements is decided by reference to

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the appropriate tests within the legislation.

5.6 Therefore, very minor injuries (e.g. grazes, bruising) might not attract any entitlements at all, even though they are covered. However, this results from an assessment of the individual claimant's need for a particular entitlement; there has not been a blanket rejection on the basis that the injury has been pre-classified as 'minor'.

5.7 The current system is preferable, as it does not automatically exclude claimants who may have an otherwise legitimate – and provable – need for entitlements. Thus, the current system is needs-based, and this approach should be retained. For this reason, we submit that this proposed amendment is unsound in principle, and therefore must be rejected.

5.8 (We note that the ACC has made a comparison with Australian schemes. However, hearing loss thresholds for cover do not exist in Victoria, South Australia and NSW: there, hearing aids are provided after an assessment that they are reasonably necessary)



Hearing loss is a unique injury: cover and entitlement are already determined by rigorous processes

5.9 Hearing loss is generally considered separately from other injuries under the Injury Prevention, Rehabilitation, and Compensation Act 2001. It is a unique and easily identifiable injury which is manageable, but not treatable. Hearing loss is classified as a gradual process injury: a work injury that occurs over time and is due to exposure to hazards in the workplace, rather than to non-work hazards or the ageing process. Hearing loss is often associated with tinnitus (ringing in the ears).

Current cover and entitlement processes are rigorous. Already, 42 percent of covered clients are declined hearing aids. 6

5.10 The clinical process to diagnose hearing loss and attribute cause is extremely thorough. In order to obtain cover, the ACC must follow relevant provisions in the Act. These are: section 26 (which defines personal injury and what it does not include); section 30 (dealing with causation of gradual process injuries); and section 61 (dealing with decisions for occupational noise-induced hearing loss, including reference to the Accident Insurance [Occupational Assessment Procedures] Regulations 1999).

5.11 In order to ascertain entitlement, ACC relies on clause 13 of schedule 1 of the Act. ACC can suspend, cancel or decline entitlements if it is satisfied that the claimant is not entitled to receive entitlement. ACC can also revoke cover.

The threshold poses a risk for those who have cover already... Many retired employees may not be able to seek re-aiding.

5.12 We believe that the 6 percent threshold poses a risk not only for those accessing cover for the first time, but also for

⁶ Summary of information for policy on hearing loss thresholds for eligibility for entitlements – undated ACC policy paper 2009 and second reference: Hearing Loss International Jurisdictions (summary of information) ACC received by email Friday 13.11.09 from ACC.



those who have cover already. If the injury-related portion of their hearing loss falls below 6 percent when it is reassessed and readjusted for age, ACC may suspend entitlement and/or revoke cover. Thus many retired employees may not be able to seek re-aiding.

5.13 The process for receiving a claim for cover and entitlement is rigorous. Already 42 percent of covered clients are declined hearing aids.⁵ This is not a situation where lax clinical standards or processes result in claimants receiving hearing aids, when they do not need them or are not entitled to them

The 6 percent threshold will negatively affect employers, workers and communities, and transfer costs to other parts of the health system

5.14 Māori are over-represented among people injured with noise-induced hearing loss, and under-represented in claimant numbers. Anne Greville's 2005 report states that there is a higher incidence of hearing loss among Māori: the prevalence is 12.1 percent for Māori compared to 9.6 percent for non-Māori.⁷ However, 80 percent of hearing loss claims come from non-Māori compared to 5 percent from Māori.⁸ Māori adults are only half as likely as non-Māori to use hearing aids. Māori have most need, yet least services.

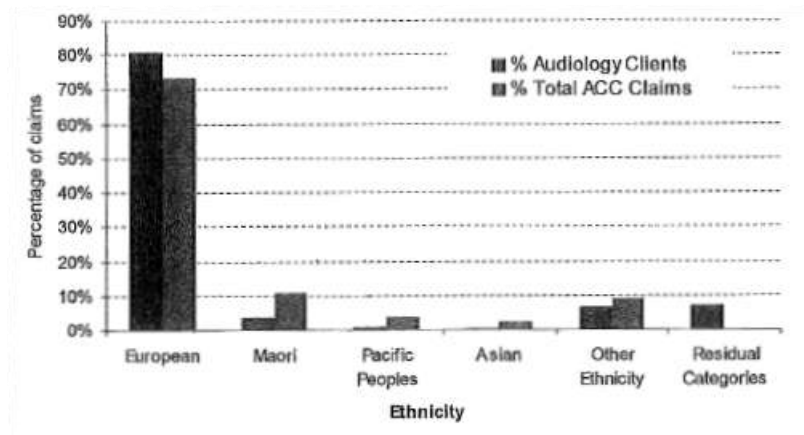
Figure 1: Distribution of Hearing Loss Clients by Ethnicity⁹

⁵ Summary of information for policy on hearing loss thresholds for eligibility for entitlements – undated. ACC policy paper 2009

⁷ Hearing Impaired and deaf people in NZ- an update on population numbers and characteristics, Anne Greville PhD, March 2005.

⁸ Summary of audiology claims, June 2009, ACC (supra)

⁹ Summary of audiology claims, June 2009, ACC (supra) page 12.



5.15 Hearing loss is a common disability in New Zealand. Professor Peter Thorne, Senior Lecturer in Audiology at the University of Auckland, has undertaken research that estimates that a quarter of our workforce is affected to some degree by harmful noise, ie about 325,000 people.

Imposing a threshold would disproportionately affect the elderly, people with low incomes, the unemployed and Māori – all groups that suffer from a high incidence of hearing loss.

5.16 Sixteen percent of hearing loss is attributable to noise exposure.¹⁰ In the 2009 year, 53,842 people sought treatment from ACC for hearing loss, at a cost of \$65,024,123.¹¹ Each day, 147 people are seeking treatment from ACC for hearing loss.

5.17 Hearing loss is associated with low income levels and low rates of employment.¹² Those most financially hard-pressed, have the greatest need. The elderly will be particularly affected. Hearing loss sustained earlier in life does not improve. The impact becomes more dramatic when it combines with age-related loss. It must be emphasised that ACC does not cover the age-related loss.

Māori are over-represented among people injured with noise-induced hearing loss, and under-represented in claimant numbers.

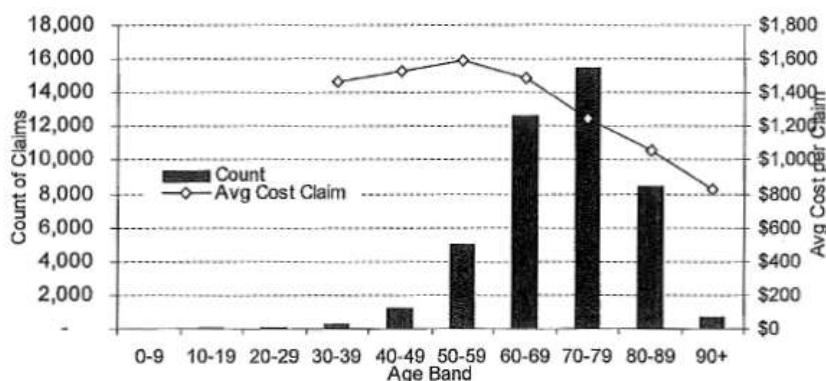
¹⁰ Final report, Noise Induced hearing Loss Professor Peter Thorne, February 2006.

¹¹ Hearing Loss Data for Reference group dated 13 November 2009, from Michael Playle et al. This figure includes any sort of service included in the hearing aid account: hearing aids, batteries, repairs, ENT reports.

¹² Accessible services for NZ adults with hearing loss: A discussion paper prepared for the NZAS, August 2004, Anne Greville



Figure 2: Cost of Claim and Distribution of Clients by Age of Client¹³



5.18 It is true that imposing a 6 percent threshold for cover would reduce the numbers of people coming into the ACC scheme, which the ACC estimates will save it around \$3-4 million a year. However, in doing so, the imposition of a threshold would place an additional burden on employers. Employers would be exposed to liability for any negligent action that causes hearing loss falling below 6 percent, as employees would now have the right to sue their employers for any hearing loss not covered by the statutory scheme. Remedies would not be limited to those set out in the statutory scheme, and would include all remedies available in the civil courts: lump sum, treatment costs, and compensation for loss of current earnings and potential loss of earnings capacity.

Imposing the threshold would place additional burdens on employers. Employees would be able to sue for any hearing loss not covered by the ACC scheme

5.19 Imposing the threshold would also have a negative impact on workers, their families and communities. Hearing is lost when a person is exposed to loud noise for years without adequate protection. Those worst affected are workers in the primary industries: agriculture, fishing, trades and machine operators. The

Those workers who have contributed

¹³ Summary of audiology claims June 2009. Business Information, ACC, 6 July 2009 version 2.3 page 11.

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very people who built New Zealand and ensure its ongoing productivity are those most affected by hearing loss. Moreover, the unique aspect of noise-induced hearing loss is that it is a permanent condition: it does not improve with time. People have laboured in essential occupations with the legitimate expectation that they would be covered by ACC for injuries sustained at work, and would be eligible for entitlement if needed. The proposed clause 6 could dash the rightful expectations of some of our most valued workers.

most to New Zealand and its productivity are among those most affected by hearing loss. Clause 6 would deny them the ACC coverage they have legitimately expected throughout their working life.

5.20 The impact of this clause will fall disproportionately on people with low incomes and the unemployed as both groups suffer from a high incidence of hearing loss. The same is true for Māori who are already under-represented in claimant numbers.

Transfer of Costs to the Public Healthcare System

5.21 The reduction in claims under ACC for hearing loss would mean an increase in those seeking assistance from the public healthcare system. The Ministry of Health funds a number of schemes to assist people with hearing loss; however it is already overstretched, with more people seeking assistance than there are funds. The Ministry has advised the ACC of the risks associated with cost shifting from ACC of between \$3 and \$5m.¹⁴

The Ministry of Health's hearing loss services are already severely overstretched. Denying ACC cover and entitlement to people with hearing loss of 6 percent or less will worsen the crisis.

5.22 The health system is already overstretched with hearing loss claims. In the 2008/9 year, the NZAS estimates that the Ministry of Health will experience a 26 percent shortfall in its budget for hearing loss claims.

5.23 The Ministry of Health's hearing loss services are already in

¹⁴ MOH email to Hazel Armstrong 15 November 2009. The Ministry of Health anticipates additional costs of \$3m in the first year progressing to \$5m in out years if the IPRC Bill proposal is introduced a 0-6% threshold and changes in cover related to the percentage of age related hearing loss are implemented by ACC.



crisis, and will be put under greater pressure once ACC implements its policy to deny cover and entitlement to people with hearing loss of 6 percent or less.

Hearing loss of less than 6 percent is not a trivial or minor injury

5.24 In proposing the introduction of the 6 percent threshold, the Government appears to believe that a hearing loss of less than 6 percent is insignificant. This is untrue. Measuring hearing loss as a percentage does not assess an individual's handicap or ability to communicate. It is a mathematical calculation done by an Ear Nose and Throat (ENT) Surgeon, with a deduction made for age. The ENT Surgeon does not assess a person's hearing needs.¹⁵

Untreated hearing loss can lead to social isolation and depression. Hearing aids help, yet people can find it extremely hard to ask for assistance.

5.25 Someone with 6 percent hearing loss does not mean that person has a 94 percent hearing capacity. In the presence of background noise, it is critical to be able to hear soft high-frequency sounds, which are typically at the beginnings and ends of words. It is these sounds that allow us to tell the difference between "kiss" and "fish" – a vital distinction in many situations. But a person with 6 percent hearing loss cannot make this distinction. Their loss of hearing reduces the sharpness and precision with which they can hear sounds.

5.26 With 6 percent noise-induced hearing loss, hearing aids will

¹⁵ See claimant information sheet at appendix 1, which sets out the process for a claimant to obtain cover and entitlement.



accentuate the high frequencies. This allows people to understand speech, particularly in circumstances where there is background noise. An appropriate hearing aid is selected after an audiogram and hearing needs assessment.

5.27 However, many people are ashamed of their hearing loss and seeking assistance can be a major step they are reluctant to take. Going to the doctor or an audiologist is an admission that something is wrong: that you can't hear when there is background noise. Frequently, someone with hearing loss will not seek assistance until an exasperated spouse makes them.

5.28 Untreated hearing loss causes loss in productivity over all sectors. It impacts any work that requires communication in circumstances where there is background noise: teaching, on construction sites, customs work etc. The list is endless. All these workers could be affected by a 6 percent or less hearing loss. Untreated hearing loss can lead to social isolation and depression.

Hearing loss affects workers across all sectors, causing a widespread reduction in productivity

5.29 The NZAS has put together case studies which are attached to this submission. The impact on individuals is real and significant.

There are better solutions for reducing ACC costs than imposing a rigid threshold for cover

5.30 ACC has convinced Government that hearing loss is a costly part of its scheme. ACC documents indicate that between \$55

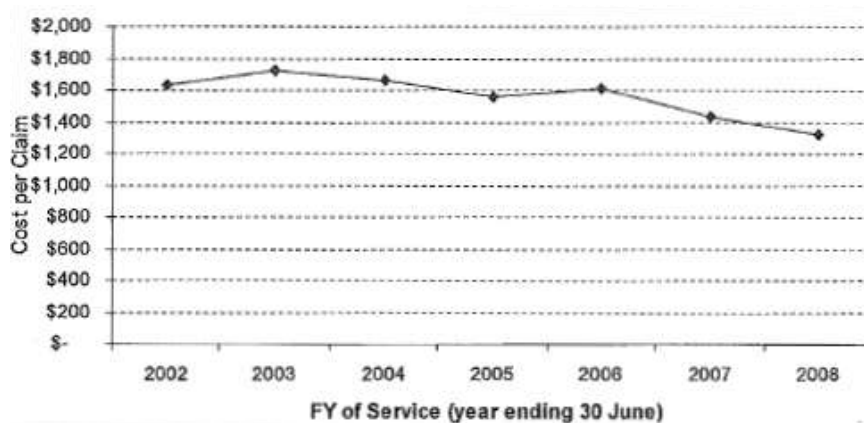
ACC says that hearing loss claims jumped by 364 percent from 2001 to 2008. But the increasing number of



claims today is due to insufficient injury prevention in the past.

million and \$65 million was spent on hearing loss services in the year ending June 2009. This figure has been increasing at a rate of 3.6% per annum, but at a slower rate than the increase in the number of claims for hearing loss. The average cost per claim has decreased by over \$400 since 2002. The average cost per client is now \$1207.68, the reduction in costs is made up of a combination of reducing costs of hearing aids, and in audiologists payments¹⁶. The table below shows the graduated reduction in costs, further savings have been achieved in the 2009 year.

Figure 3: Cost per Claim Treated per Year¹⁷



5.31 According to ACC, costs are increasing because of the ever-increasing numbers of claims, with the volume of claims having increased by 364 percent between 2001 and 2008.¹⁸ However, there is evidence that claim numbers may now be falling: in the last twelve months claim numbers dropped.¹⁹

5.32 A critical reason for hearing loss claims is that New Zealand has inadequate controls in those workplaces that give rise to

¹⁶ Hearing loss data for reference group meeting 13 November 2009 by Michael Playle et al.

¹⁷ Summary of audiology claims June 2009. Business Information, ACC, 6 July 2009 version 2.3 page 8.

¹⁸ Summary of audiology claims June 2009, Business Information ACC, July 2009 version 2.3 6

¹⁹ Audiologist Feedback report, June 2009, and second reference is Hearing Loss data for reference Group 13 November 2009, by Michael Playle et al.



claims. Unlike the United Kingdom, New Zealand does not have Control of Noise at Work Regulations. The Health and Safety in Employment Act 1992 sets out a general duty of care. However, Professor Peter Thorne's research shows that New Zealand's current strategies for addressing noise in the workplace are not effective and are inadequately implemented.²⁰

5.33 Hence, injury prevention remains a key issue for New Zealand. If measures such as controlling noise at source had been implemented twenty years ago, the incidence of claims today would have been reduced. But this did not happen, meaning that workers are now turning to ACC for help with injuries. In other words, the number of claims is increasing now because of insufficient injury prevention in the past.

ACCORD – a voluntary partnership involving manufacturers, audiologists & ACC – has managed to bring hearing aid prices down by 22 percent since 2007.

5.34 In order to address the increasing costs, ACC, hearing aid manufacturers and audiologists (through the NZ Audiological Society) entered into an ACCORD in 2007. This is a voluntary three-way partnership which has sought ways to reduce costs for ACC, and has brought about a shift away from prescribing higher-cost hearing aids. The result has been a drop in cost from \$2192 per aid to \$1710 by May 2009 (these are average prices: some aids cost \$500, while people with high needs can have hearing aids valued at \$2500). The industry partners have effectively brought prices down by 22 percent. Further, audiologists have not had a fee increase for 8 years. The ACCORD has saved ACC \$10m in the last 18 months.

5.35 When ACC entered the ACCORD they had projected

²⁰ Quoted in 'Hearing loss assessment and associated clinical issues for Worksafe Victoria', 2/10/08, Dr Brian J Williams, page 22



hearing loss claims to rise to \$85m by 2010, with the main driver being the increasing number of clients that ACC assists.²¹ However, the numbers of claimants has dropped and the ACCORD has succeeded in bringing down costs. The costs are at least \$20m less than ACC projected when it entered into the ACCORD.

5.36 We submit that ACC has not altered its actuarial projections to reflect reductions in costs and lower claimant numbers, and are relying on stale information.

Residual claims account

5.37 In the 2008/9 year, the Residual Claims Account brought in \$496,275,000 and paid out \$309,382,000. The difference went towards full funding. The greatest proportion of costs came from weekly compensation for the long-term injured, social rehabilitation (such as attendant care), and medical costs. Approximately 20 percent of the Residual Claims Account funded hearing loss claims.²²

5.38 Employers are genuinely concerned that they are paying for the costs of injuries caused by employers from a previous generation. However, if these workers are abandoned, the cost is simply shifted elsewhere. The Government is committed to fully funding the ACC scheme, so that injuries sustained today are fully funded. The Select Committee needs to understand that if the date for full funding is extended to 2019, the levy in the

²¹ ACC Hearing Services Accord 2007-8

²² The NZAS was advised in July 2009 that 51% of claims are classified in the Residual Claims Account, 43% from the work account. ²² The Accredited Employer Reference Group and the Hearing Loss Reference Group were told in October 2009 that the liability of \$1B was mostly in the Residual Claims Account. Exact apportionment has not been provided to the NZAS.



Residual Claims Account will fall from 56c to 36c.²³

5.39 Employers were advised that the threshold for entry of 6 percent would reduce liability of \$70m.²⁴ Our submission is that the liability will reduce because of the ACCORD and through the reducing numbers of claims. Therefore the change proposed is unnecessary.

Alternative solutions

6.1 We consider that the concept of the 6 percent threshold is flawed, and imposing it now would undermine the good-faith relationship that has developed. Other solutions are available to achieve the result the Government and ACC is seeking – solutions that will not have a negative impact on claimants. The ACCORD partners are already actively working with ACC to identify and implement some of these alternative solutions. Audiologists and manufacturers have proven that they have the capacity to self-regulate and to achieve cost savings. The ACCORD has saved \$10 million in the last eighteen months; we believe this level of saving will continue year by year.

Other solutions (such as those identified by ACCORD) can achieve the same result the Government and ACC is seeking. Already, ACCORD has saved \$10 million since it was set up.

6.2 We therefore ask the Select Committee to consider a package of proposals:

- Abandoning the 6 percent threshold for cover
- Retaining discretion for entitlement below 6 percent in cases where a hearing need is identified

²³ Financial Situation of ACC, levy consultation and hearing loss claims: presentation to hearing loss reference group, 30 October 2009.

²⁴ Accredited Employer Reference Group Meeting, 2010/11 ACC Levy Consultation, October 2009



- Streamlining the claims process to achieve savings
- Increasing the effort to prevent hearing loss injuries
- The ACCORD partners continuing to work in good faith to achieve additional savings, without compromising client services.

Footnote

Whilst it is not part of the legislative programme, ACC has signalled its intention to promulgate regulations whereby ACC will be liable only for the costs relating directly to the injury.²⁵

This will have an even more adverse and dramatic impact on claimants than the 6 percent threshold. A person with total hearing loss of 23 percent (made up of 7 percent noise-induced hearing loss and 16 percent attributed to other causes) would have to pay \$1190 towards the hearing aid, while ACC would pay \$521. This would have a significant adverse effect on the ability of low-income earners to access assistance. This approach is unprincipled and unfair.

²⁵ Email from Phil Wysocki, Manager Treatment and Rehabilitation Services ACC, dated 28 October 2009



Case studies: these individuals would be denied assistance if the 6% threshold was applied. All would benefit from hearing aids.

A 45 year old building construction consultant, with a 4.7% hearing loss, works on building sites and in an open plan office. He has occasional tinnitus. He cannot hear well with background noise, such as discussion at meetings and on the building site.

A 56 year old customs officer with a 4.5% hearing loss works at the airport in a reverberant customs hall. He works with dogs and has to use an RT. He has tinnitus and finds it difficult to hear at work when there is background noise and in reverberant rooms. He attends training seminars and has difficulty hearing. His kids won't repeat what they say if he cannot hear the first time.

A 62 year old man with an age-adjusted hearing loss of 4.8% cannot hear the sermon at Church or dialogue on TV. He gets things wrong at meetings. With hearing aids, all voices are clearer. He can now participate in group settings and when there is background noise.

A 62 year old boat builder and coastguard volunteer needs good communication at work and when doing coastguard rescues. He has tinnitus, and has trouble hearing speech.

A 51 year old merchandiser with age-adjusted loss of 4.8% needs to communicate with staff, in meetings and in training sessions. But he has trouble hearing when

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there is background noise, which is always present in supermarkets and warehouses.

A 65 year old aircraft engineer has a 5.6% age-adjusted hearing loss. He finds it difficult to hear at work when there is competing noise in the workshop, and in group situations. His wife is softly spoken and he cannot hear her when her back is turned. He is unable to enjoy music.

A 60 year Blenheim woman has a 5.6% hearing loss that means she cannot hear clearly in social situations, especially when there is background noise. Her social contact and enjoyment of everyday life has decreased as a result. She is embarrassed at getting people to repeat things, and unhappy that she cannot hear her grandchildren clearly. With hearing aids, however, she reports a huge improvement when there is background noise. She can now hear her grandchildren clearly.



Appendix 1

The NZAS has been trying to establish the true cost of hearing loss claims and has been provided with costings with a \$10m variance. Before the Select Committee makes a recommendation to the House, it must ensure that the information in its possession is correct. The NZAS has already identified errors in the information provided to the media, to the Minister and to ourselves. To illustrate the problem below we have set out a sample of the information disclosed to the NZAS. Unfortunately ACC does not set out the assumptions underlying the information it discloses.

How much has ACC spent in total last year on gradual process hearing loss claims?

\$55million :Between 1 July 2008 and 30 June 2009, ACC spent \$55million on claims for occupational noise induced hearing loss.

Source: OIA response to Mike Williams dated 16 November 2009, Nancy Robbie Senior Advisor Government Services.

\$60m: cash costs for 2008/9 for hearing loss claims

Source: Financial situation of ACC, levy consultation and hearing loss claims Presentation to Hearing loss reference group 30 October 2009

\$61m: costs for ACC's funding of hearing loss for 2008/9

Source: power point presentation by ACC to accredited employers reference group 2010/2011 ACC levy consultation.

\$65, 024,1213: payment year ending June 2009, total payments for hearing loss claims.

Source: Hearing loss data for reference group meeting issued 13 November 2009, from Michael Playle, Verna Smith and Anne Greville.