

# Corporate governance

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The HIC was a non-Government Business Entity Commonwealth Statutory Authority under the *Commonwealth Authorities and Companies Act 1997*. This Act provides the general governance, reporting and accountability framework for the HIC, and imposes a regime for the conduct of officers.

The *Health Insurance Commission Act 1973* stipulates that the commission has a chairperson, a managing director and other members. These are appointed by the Governor-General for up to five years and may be reappointed. The Commissioners, including the Chairperson, are appointed to part-time positions. The Managing Director, who is full-time, is the commission's only executive director and manages the HIC's operations as directed by the Commissioners. The Board is to be dissolved, and the HIC will become Medicare Australia.

The HIC's Corporate Governance Charter guides the Commissioners to adopt the highest ethical and professional

standards in carrying out their governance roles. It outlines the HIC's functions in terms of goal setting and strategy formulation, and delineates these from senior management responsibilities. The charter also sets out the obligations of Commissioners in relation to possible conflicts of interest, expanding on their obligations according to the *Commonwealth Authorities and Companies Act 1997*.

The Managing Director is responsible to the Board of Commissioners and to the Secretary of the Department of Human Services (DHS) for the management and operation of the HIC and reports through the Secretary of DHS to the Minister for Human Services.

The HIC's internal corporate governance arrangements have been redrafted to take account of the six recommendations endorsed by the Government from the Uhrig Review of the corporate governance of statutory authorities.

Commissioners must disclose any pecuniary interests that may conflict with matters being considered by the commission in session. Meetings are presided over by the Chairperson. Commission decisions are by majority vote, with the Chairperson having a casting vote. In the absence of the Chairperson, the commissioners present may conduct a vote for the election of a person to preside at a commission meeting. The Managing Director is not eligible for election.

## Remuneration

The Chairperson's remuneration is \$62,680 a year. Commissioners receive \$26,480 a year. The Managing Director receives a total remuneration package of \$275,625 a year, including superannuation and fringe benefits, plus access to performance pay.

Committee fees of \$5,680 a year apply to membership of the Commission's Audit Committee and the Fraud and Service Audit Committee. The chairs of both committees receive \$11,360 a year.

## Board of Commissioners

The HIC's performance was overseen by the Board of Commissioners, which met monthly.

### Members of the Board of Commissioners



**Peter Brunskill**, B.Pharm, was appointed Commissioner on 20 May 2004. His term expires on 19 May 2009. A pharmacist with more than 25 years' experience, Mr Brunskill is a member of the Pharmacy Guild of Australia. He owns and operates two pharmacies in Sydney. Mr Brunskill is the only Commissioner with these specialist skills.



**Peter D Bunting**, LLB, FCA, FAICD, was appointed Commissioner on 23 December 1997. He was appointed as Chairman on 25 May 2000, and re-appointed on 22 December 2002. His term expires on 22 December 2005. A consultant in strategy and taxation advice, Mr Bunting is a director of Candle Australia Ltd, a listed company specialising in recruitment services, and provides services for a number of unlisted private companies.



**Robert J Collins**, BSc, FAICD, FAIM, was appointed Commissioner on 5 July 2000. His term expires on 4 July 2005. Mr Collins is Managing Director of Candle Australia Ltd, a publicly listed company involved in recruitment services. His previous roles include Chief Executive Officer of FreeOnline Holdings Ltd, a company involved in online consumer marketing, and Chief Executive Officer of Icon Recruitment and Ajilon Australia, companies owned by the worldwide Adeco group. Mr Collins was the founding president of the Information Technology Contracting and Recruiting Association.



**Sister Maria Cunningham**, FCNA, MAICD, was appointed Commissioner on 5 July 2000. Her current term expires on 4 July 2005. Sister Cunningham is a Sister of Charity Councillor for Health Services and a member of the Stewardship Board of Catholic Health Australia. She has experience in the provision of health services and aged care and is currently involved in health care governance and community care. Sister Cunningham holds qualifications in nursing, community health and health administration.



**Jane Halton**, BA (Hons), PSM, FAIM, was appointed Commissioner on 18 January 2002. Her term expires on 10 November 2006. Prior to her appointment in January 2002 as Secretary of the Department of Health and Ageing, Ms Halton was Executive Coordinator for the Department of the Prime Minister and Cabinet



**Eric Paul McClintock**, BA, LLB, was appointed Commissioner on 20 May 2004. His term expires on 19 May 2009. Mr McClintock is the former Secretary to Cabinet and Head of the Cabinet Policy Unit for the Australian Government. He is currently involved with the investment banking firm McClintock Associates and has particular skills in the areas of finance and corporate strategy. Mr McClintock is chairman of Affinity Health Ltd and a director of the ANZAC Health and Medical Research Foundation. He has been chairman of the Institute of Respiratory Medicine and a director of the Health Services Association of New South Wales.



**Bryce M Phillips**, AO, MBBS, FAMA, was initially appointed Commissioner on 28 August 1996 and reappointed on 1 September 2001. His term expires on 30 August 2006. Dr Phillips is a general practitioner. He was President of the Australian Medical Association from 1988 to 1990 and is Deputy President of the Medical Practitioners' Board of Victoria. He is also a member of the Royal Australian College of General Practitioners.



**Sally G Warneford**, BSc (Hons) PhD, was appointed Commissioner on 1 September 2001. Her term expires on 30 August 2006. Dr Warneford joined Platinum Asset Management in May 2004 as an investment analyst. Prior to this she worked at Credit Suisse Asset Management as an investment manager and analyst in Australian equities. From 1998 to 2000, she was an industrial equities analyst with Merrill Lynch, covering the health care, biotechnology and chemicals sectors.



**Jeff Whalan** was appointed Managing Director on 15 August 2003. Prior to his appointment, Mr. Whalan was Deputy Secretary in the Department of Prime Minister and Cabinet. Before that he held Deputy Secretary positions in the Department of Family and Community Services. Mr. Whalan's term concluded when he left the HIC in December 2004 to take up the position of CEO at Centrelink.



**Catherine Argall** PSM was appointed Managing Director on 10 December 2004. Prior to this appointment she was general manager of the Child Support Agency within the Department of Family and Community Services. During her 30-year career, Ms Argall has served in a number of Australian Government departments including Finance, Veterans' Affairs and Administrative Services.

#### Board membership and meeting attendance

Commissioner	Appointment expiry date	Meetings eligible to attend	Meetings attended
Mr Peter Brunskill	19 May 2009	9	9
Mr Peter Bunting, Chairman	22 December 2005	9	9
Mr Robert Collins	4 July 2005	9	8
Sister Maria Cunningham	4 July 2005	9	9
Ms Jane Halton	10 February 2006	9	8
Ms Catherine Argall		5	4
Mr Paul McClintock	19 May 2009	9	9
Dr Bryce Phillips	30 August 2006	9	8
Dr Sally Warnford	30 August 2006	9	9
Mr Jeff Whalan	9 December 2004	4	4

## Committees

The Board of Commissioners operated three standing governance committees:

- Audit Committee
- Fraud and Service Audit Committee
- HIC Remuneration Committee.

### Audit Committee

The broad objectives of the Audit Committee are to:

- ensure the HIC meets its strategic objectives
- promote accountability to the Minister, the Parliament and the community
- support measures to improve management performance and internal controls
- oversee the Audit and Risk Assurance Services Branch function
- ensure effective liaison between senior management, internal audit and external audit functions.

### Audit committee membership and meeting attendance 2004–05

Member	Meetings eligible to attend	Meetings attended
Robert Collins (Chair)	6	6
Peter Bunting	6	6
Maria Cunningham	6	5
Paul McClintock	6	5
Bryce Phillips	2	2

### Fraud and Service Audit Committee

The Fraud and Service Audit Committee monitors and reviews the effectiveness of the Program Review Division's practices in preventing, detecting and investigating fraud and inappropriate practice by medical service providers and the public. At 30 June 2005, the committee comprised four members. The committee met four times during 2004–05.

### Fraud and Service Audit Committee membership and meeting attendance 2004–05

Member	Meetings eligible to attend	Meetings attended
Bryce Phillips (Chair)	4	4
Sally Warneford	4	4
Peter Brunskill	4	4
Jeff Whalan	2	2
Catherine Argall	2	2

## Remuneration Committee

The HIC Remuneration Committee is responsible for reviewing remuneration issues for the Managing Director. The committee met three times during 2004–05 and comprised two members at 30 June 2005.

### Remuneration Committee membership and meeting attendance 2004–05

Member	Meetings eligible to attend	Meetings attended
Peter Bunting (Chair)	3	3
Maria Cunningham	3	3
Bryce Phillips	3	2
Paul McClintock	3	1
Sally Warneford	3	1

## Directors' and officers' liability insurance

Directors' and officers' liability insurance is an element of the HIC's Insured Schedule of Cover and applies to the HIC and its subsidiary, HeSA Pty Ltd. This class of insurance provides liability cover for HIC's and HeSA's staff to a limit of \$100 million for any one claim.

## Internal governance review

A review of our internal governance arrangements was undertaken in late 2004 in line with the Australian National Audit Office's Better Practice Guide for Public Sector Governance. The outcomes of the review included some changes made to our senior

committees and other internal governance arrangements to more clearly define the roles and ensure the accountability of committees and committee members. This work is producing positive benefits, ensuring the HIC is well positioned for a smooth transition to the new arrangements later in 2005.

## Corporate Management Committee

The Corporate Management Committee (CMC) is the HIC's main decision-making body and the key part of our internal governance arrangements. The CMC considers issues that have impact across the whole organisation, and provides advice and assistance to the Managing Director. The CMC is supported by four subcommittees:

- Customer Service
- Finance
- eBusiness
- Technology and People.

## Corporate business continuity

Business disruption could damage the HIC's reputation if the speed or scale of an emergency were to overwhelm our operations and management systems. The HIC uses business continuity principles to ensure we are prepared to control emergencies when they occur. As part of this preparation, our divisions and state offices maintain business continuity

plans to ensure effective interim operating arrangements can be put in place to support critical business processes and resources. The HIC successfully tested all its business continuity plans in 2004–05. The lessons learnt from the tests are being used to update the plans in preparation for retesting in 2005–06.

In a crisis, the organisation-wide HIC Crisis Plan will be activated to focus the strategic response.