

## Senate Community Affairs Committee

### ANSWERS TO ESTIMATES QUESTIONS ON NOTICE

#### HEALTH PORTFOLIO

#### Budget Estimates 2017 - 2018, 29 & 30 May 2017

Ref No: SQ17-000894

**OUTCOME:** 2 - Health Access and Support Services

**Topic:** Primary Health Networks

**Type of Question:** Written Question on Notice

**Senator:** O'Neill, Deborah

**Question:**

PHN Governance

Can the Department confirm if there is a document that sets out the governance of the PHNs? Can the Department explain the governance arrangements that are in place for the PHNs? In relation to the PHN Boards – who can be a member of those Boards? Can the Department outline what expertise the members must have to be in the Board including those who are Chairs? Does the Department provide the Minister with a list of board members for each of the 31 PHNs? When was the last time the Department provided advice to the Minister in relation to members and chairs of the 31 PHNs? Is it the Department's role to monitor the membership of the PHN Boards? For example, could Board members who are also service providers tender for services under the governance arrangements?

**Answer:**

As independent entities, Primary Health Networks (PHN) have some flexibility in how they establish their governance arrangements, including the nature and structure of their organisational membership and the composition of their Boards. However, they must comply with their obligations under the *Corporations Act 2001* (the Act) and contractual obligations with the Department of Health through the Standard Funding Agreement (SFA) and the PHN Programme Guidelines (the Guidelines).

The PHN Programme Guidelines require that, at a minimum, all PHNs are independent, incorporated entities under the Act. The Guidelines also require that Boards are skills-based, and have accountability for the performance of PHNs in relation to outcomes, as well as clinical, financial, risk, planning, legal and business management systems.

PHNs are also required to establish GP-led Clinical Councils and representative Community Advisory Committees. These arrangements are designed to ensure PHNs make appropriate decisions, informed by local clinical and consumer perspectives, to meet the unique needs of their respective communities. The Department provides advice to the Minister regarding these arrangements as required.

Each PHN has unique membership arrangements that are prescribed by the PHN's Constitution. The Department monitors PHN governance as part of the PHNs' reporting requirements under the SFA. The Department also provides support to PHNs to strengthen governance as required, including by providing PHNs with advice on best practice governance arrangements.

The Department is aware that PHN Board members are often involved in other organisations in the health sector, including service providers. This does not preclude these organisations from tendering for work from PHNs. The PHN Program has strong governance arrangements to manage any real or perceived conflicts of interest. PHNs are required to actively manage conflicts of interest as required by the Guidelines, the Act and the SFA, all of which provide clear advice on the handling of conflicts.

The Department is committed to ensuring that PHNs' commissioning process is transparent, fair, accountable, and in line with community expectations for the expenditure of public money.