



# Australian Government

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## Australian Institute of Health and Welfare

## Charter of Corporate Governance

### Purpose

This Charter of Corporate Governance outlines the corporate governance framework of the Australian Institute of Health and Welfare (AIHW).

The AIHW is a corporate Commonwealth entity and operates within the Commonwealth legislative, regulatory and financial structure. The charter defines the roles and responsibilities of the board, and codifies board operating practices and procedures for the benefit of board members and management to allow them to best manage the requirements of the organisation.

### Introduction

The AIHW is a national agency established under the *Australian Institute of Health and Welfare Act 1987* (AIHW Act) as an independent entity, to provide reliable, regular and relevant information and statistics on Australia's health and welfare. The AIHW is a body corporate subject to the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

The AIHW Act provides that the members of the Institute, meeting as the AIHW Board, are responsible for the governance of the Institute. Day to day management of the AIHW's affairs is delegated to the AIHW Director.

### AIHW's mission and values

The AIHW is guided in all its activities by its mission and values.

#### Mission

Authoritative information and statistics to promote better health and wellbeing.

#### Values

Our values are:

- **the APS values** – being impartial, committed to service, accountable, respectful and ethical
- **objectivity** – ensuring our work is objective, impartial and reflects our mission
- **responsiveness** – meeting the changing needs of those who provide or use data and information which are collected by AIHW
- **accessibility** – making data and information as accessible as possible

- **privacy** – safeguarding the privacy of all individuals and groups about whom we collect data, or who provide data to us
- **expertise** – applying and developing highly specialised knowledge and high standards
- **innovation** – developing original, relevant and valued new products, processes and services.

## **Roles, powers and responsibilities**

### **1. Governing laws**

#### **Enabling legislation**

The AIHW was established in 1987 by the *Australian Institute of Health Act 1987*. In 1992, the AIHW's role and functions were expanded to include welfare-related information and statistics. The Act is now entitled the *Australian Institute of Health and Welfare Act 1987*.

The AIHW is constituted under the AIHW Act as a body corporate.

Key responsibilities of the AIHW include:

- developing knowledge, intelligence and statistics to better inform policy makers and the community
- establishing data standards for health and welfare statistics
- providing biennial reports to the Minister and to Parliament on Australia's health and Australia's welfare

Under the AIHW Act, AIHW Board members are collectively referred to as the 'Institute'.

The board may appoint committees as it thinks fit to assist it in performing its functions (section 16 of the AIHW Act).

The duties and responsibilities of AIHW Board members are specified by the PGPA Act, under which the board is deemed to be the Institute's 'accountable authority'.

#### **Responsible Minister**

The Minister for Health is the Minister responsible for the AIHW, as it is an agency within the Health portfolio.

### **2. Constitution**

Section 8(1) of the AIHW Act specifies the constitution of the AIHW Board.

The following members are appointed for a term of up to 3 years, by the Governor-General:

- a chairperson
- a member nominated by the Australian Health Ministers' Advisory Council
- a member nominated by the Community and Disability Services Ministers' Advisory Council
- a representative of the Housing Ministers' Advisory Council
- 3 members nominated by the Minister for Health
- a person nominated by the Minister who has knowledge of the needs of consumers of health services

- a person nominated by the Minister who has knowledge of the needs of consumers of welfare services
- a person nominated by the Minister who has knowledge of the needs of consumers of housing assistance services
- a person nominated by the Minister who has expertise in research into public health issues.

Board members holding office by virtue of the position they hold – and therefore not formally appointed to the board by the Governor-General – are:

- the AIHW Director
- the Australian Statistician, Australian Bureau of Statistics
- the Secretary of the portfolio department.

The Australian Statistician and the portfolio Secretary may each formally nominate a person as a member of the AIHW Board on their behalf should they not be available.

A member of staff of the AIHW is also a board member. The member is elected through a staff ballot and formally appointed by the Governor-General. The term of the staff-elected member is no more than 12 months, but they are eligible for re-appointment.

Board members who are Commonwealth or state/territory officers, other than the AIHW Director and the staff-elected member, are referred to in this document as departmental representatives.

### **Role of observers**

Visitors, guests and staff members may be invited to attend board meetings as observers for discussion on matters that are of immediate concern to them or for which they are responsible.

### **Secretariat**

The Board Secretary and a minute taker have standing invitations to attend board meetings and are not observers.

### **Acting members**

Section 9 of the AIHW Act allows the Minister to appoint a person to act as the Board Chair, AIHW Director or a member of the board when there is a vacancy. The Minister may also appoint an individual to act in a position where a current member is unable to perform the functions of their position. Further requirements relating to the appointment of acting board members are contained within section 33A of the *Acts Interpretation Act 1901*.

## **3. Conduct of AIHW Board members**

Board members are expected to ensure that they understand their responsibilities under both the PGPA Act and the AIHW Act, and to uphold the AIHW's values.

Sections 25–29 and section 30 of the PGPA Act respectively describe the general duties of board members (see also Declaration of an interest and Conflict of roles in section 7 of this charter).

## 4. Roles

### Role of the AIHW Board

The AIHW Board determines the AIHW's mission and values, sets the overall policy and strategic direction of the AIHW and has broad collective responsibilities to:

- govern in a way that is consistent with the AIHW Act and the PGPA Act
- prepare documents required of the board as an accountable authority under the PGPA Act:
  - corporate plans
  - annual performance statements that measure and assess performance in achieving the AIHW's purposes, including the keeping of records that properly record and explain this performance
  - budget estimates of the financial impacts of the AIHW's activities
  - annual financial statements, including the keeping of accounts and records about transactions and financial position
  - annual reports
- govern the AIHW in a way that promotes efficient, effective, economical and ethical use and management of public resources, and the AIHW's financial sustainability, including by:
  - establishing and maintaining systems relating to risk oversight and management and internal control
  - determining the functions of an audit committee (see **Audit and Finance Committee** in section 8 of this charter)
  - preventing, detecting and dealing with fraud
- encourage cooperation with others to achieve common objectives
- keep Ministers informed about the AIHW's activities, including significant decisions or issues affecting the AIHW
- make recommendations to the Minister with respect to the appointment of the AIHW Director (subsection 17(2) of the AIHW Act refers) and sets the Director's remuneration consistent with policies and determinations of the Remuneration Tribunal (see **Remuneration Committee** in section 8 of this charter)
- appoint members to the AIHW Ethics Committee (subsection 16(1) of the AIHW Act refers; see section 9 of this charter)
- ensure that the AIHW complies with other legislative and regulatory requirements.

### Role of the Board Chair

In addition to the role of the board, the Board Chair has responsibilities to:

- chair meetings of the board and oversee associated processes
- manage formal relationships between the AIHW and the Minister for Health, other relevant Ministers and key stakeholders

- manage matters of significance that are not more appropriately managed by the AIHW Director, between meetings of the board
- represent the board in its relationship between and communication with the AIHW Director
- participate in key AIHW activities, notably the launch of *Australia's health* and *Australia's welfare*, and the development of corporate plans.

### **Role of the AIHW Director**

In addition to the role of the board, the AIHW Director has responsibilities to:

- provide leadership to the AIHW in policy and statistical issues across the scope of the AIHW's functions
- manage the affairs of the AIHW in accordance with the AIHW Act and the PGPA Act, consistent with the requirements of the board
- identify emerging strategic, operational and financial risks to the AIHW, in the context of the *Risk Management Framework and Policy* approved by the board, and actively implement strategies to mitigate those risks
- establish and maintain, in conjunction with the Board Chair, appropriate working relationships with the portfolio Minister and other Ministers whose portfolios include activities within the scope of the AIHW
- establish and maintain appropriate working relationships with the portfolio department, other relevant Commonwealth, state and territory departments and agencies and associated Commonwealth/state forums
- liaise as required with non-government business partners and stakeholders
- ensure the board is properly advised on all matters properly within its purview
- ensure the security of data provided to and held by the AIHW, and ensure appropriate confidentiality and privacy arrangements are in place as required by relevant statutory, regulatory and best practice requirements
- develop the corporate plan and the work plan for consideration by the board
- within the board-approved budget and subject to any board directions on financial matters, ensure the continued strong financial position and viability of the AIHW
- promote a work environment and employment conditions designed to attract and retain the committed and skilled staff necessary to carry out the AIHW's functions
- discharge responsibilities as 'Agency head' under the *Public Service Act 1999*, 'employer' under the *Fair Work Act 2009* and 'person conducting a business or undertaking' under the *Work Health and Safety Act 2011*
- ensure that the Institute provides a full induction briefing to new board members on the AIHW's functions, its operating and legislative frameworks, and members' roles and responsibilities.

### **Role of individual board members**

In addition to the role of the board, individual board members have responsibilities to:

- act in the best interests of the AIHW. If nominated by a stakeholder group, a member may act as a channel for that stakeholder's interests, but must act in the interests of the AIHW
- support the Board Chair and AIHW Director of the AIHW in decision making
- participate in board committees established under section 16(4) of the AIHW Act
- provide input to the board based on their knowledge and background
- advocate and promote the role of the AIHW, including its independence, in improving health and welfare outcomes through the carrying out of its data collection and reporting functions
- secure feedback from stakeholders on the use of AIHW products.

It has been agreed between the AIHW and the Australian Statistician that the Statistician's agreement to an AIHW survey at the board will constitute agreement under subsections 5(1)(a) and 5(1A)(a) of the AIHW Act, provided there is adequate notice of the proposal.

### **Role of the Board Secretary**

The Board Secretary is responsible for providing administrative support and corporate governance advice to the board that is independent of the AIHW's management.

## **5. Relationships**

### **With management**

Management representatives may be invited to attend parts of board meetings to inform discussion, while having no formal responsibilities.

### **With stakeholders**

Stakeholders, ranging from the Minister to the general public, are important to the proper functioning of the AIHW. The states and territories are key stakeholders, given that they are both data and potential funding providers to the Institute. Board members have an important role in establishing and nurturing sound relationships with the AIHW's stakeholders.

### **With staff**

The AIHW Act places the employment and terms and conditions of staff under the responsibility of the board within a framework provided by the *Public Service Act 1999*. The AIHW Director, as Agency Head, has the powers of an employer under the *Public Service Act 1999*, which includes approving the AIHW's Enterprise Agreement. The board seeks to ensure the development and welfare of staff, and provides advice to the AIHW Director when considered appropriate.

## **6. Delegation of powers and actions**

The AIHW Board has delegated to the AIHW Director powers for the day-to-day operations of the AIHW (section 27 of the AIHW Act).

## **7. AIHW Board processes**

### **Meetings**

The AIHW Act provides that the board should meet at least once every 4 months. Board meetings are usually scheduled for March, June, September and December in each year. This timing is consistent with the key reporting obligations, including approving PGPA Act compliance obligations, notably the preparation of corporate plans, annual financial statements and annual reports.

On occasion, where issues are to be discussed by independent members only, for example, certain commercially or otherwise sensitive issues, the Board Chair may excuse from discussion the AIHW Director or other representatives as appropriate.

### **Agenda and papers**

The AIHW Director develops a draft agenda for each board meeting, which is approved by the Board Chair. Individual board members are encouraged to propose items for inclusion on the agenda.

Board papers are prepared in a consistent format according to a board-endorsed template. Papers are generally developed by the AIHW Director in consultation with, and with the assistance of, relevant AIHW senior executive staff.

Board papers are distributed to members electronically and in hard copy at least 1 week before the meeting date.

The board will consider late papers with the approval of the Board Chair.

### **Confidentiality**

All papers for board meetings are 'board in confidence' unless otherwise determined by the board. Board members are responsible for maintaining the confidentiality of board discussions and board papers. Papers may only be distributed to persons other than members for the purpose of briefing board members on the matters raised in that paper.

Board papers may not be used for any purpose other than that for which they are intended.

The staff-elected member may circulate the Board agenda to AIHW staff before the meeting.

Staff will be notified of relevant Board decisions/outcomes by the Director or Chair.

### **Minutes**

The Board Secretary's record of the meeting is provided to the Board Chair shortly after the meeting.

The Board Secretary and secretariat staff are responsible for taking the minutes and producing a draft document for clearance by the Board Chair before circulation to all members. The minutes primarily reflect the major decisions taken by the board at the meeting. Where it is appropriate to do so, a brief background to or notes from the discussion may be recorded to provide a more accurate picture of the proceedings.

The minutes of each meeting are approved, with any amendments considered appropriate, at the subsequent meeting of the board. Following their approval, the minutes are signed by the Board Chair and retained for the official record and availability for audit scrutiny.

## **Declaration of an interest**

Section 29 of the PGPA Act requires board members to disclose material personal interests that relate to the AIHW's affairs. Material personal interests could arise, for example, when a board member is also a director of an organisation that is seeking to provide services to the AIHW.

A board member who considers that they may have a material personal interest in a matter must disclose the nature and extent of the interest and how it relates to the AIHW's affairs by:

- advising the Board Chair as soon as the board member becomes aware of the interest, if this is practicable between meetings;
- declaring any interests, when asked by the Chair at the commencement of meetings;
- providing details of the interest as requested by other board members to determine its nature and extent;
- unless the other board members at the meeting determine otherwise, removing themselves from discussion and decision-making relating to the matter, including physically from the room; and
- ensuring that the meeting minutes adequately record the declaration of interest and any determinations made by other board members at the meeting concerning the board member not being required to remove themselves from discussion or decision-making or both on the matter.

Board members holding office by virtue of the position they hold must not be present during consideration by other board members at the meeting to determine whether the board member must remove themselves from discussion or decision-making or both on a matter in which the board member has an interest. They must not take part in making that determination.

If there is a change in the nature or extent of a declared interest, the board member must amend the record using the same process.

The requirement for board members to disclose material personal interests applies to meetings of AIHW Board subcommittees and will be managed through the same process.

This section of the charter draws on sections 14, 15, 16A, 16B and 16C of the *Public Governance, Performance and Accountability Rule 2014*.

## **Conflict of roles**

Board members are members of the Institute and not representatives of their field of work. In some cases, board members could be representing potential purchasers or competitors of the AIHW with regard to contract work. In such a case, a board member should declare their interest with regard to particular matters being considered at a meeting through the above process. The other board members will make a determination on whether the board member must remove themselves from discussion of the matter.

Concerns held by any board member who is a customer or other stakeholder of the AIHW will be pursued through an outside stakeholder-consultation process and brought to the attention of the board as necessary.

The portfolio Secretary, as a board member, is simultaneously:



- chief policy adviser to the Minister for Health, expected to oversee the AIHW's compliance with government policy objectives;
- a customer of the AIHW, which provides services to the portfolio department; and
- pursuing the interests of the AIHW.

If board members make a determination that the portfolio Secretary or their nominee must remove themselves from discussions on particular matters, such as those concerning forthcoming budget strategy, the portfolio Secretary or their nominee may offer advice on the matter before leaving. Relevant agenda papers and minutes should not be forwarded to the portfolio Secretary or their nominee on such matters.

### **Decisions**

Decisions of the board are generally reached on a consensus basis. Decisions are recorded in the minutes.

Sections 15(d) and 15(e) of the AIHW Act provide that 'all questions shall be decided by a majority of the votes of the members present', and 'the member presiding has a deliberative vote and, if necessary, a casting vote'.

### **Quorum**

A quorum is the majority of members at the time of the meeting (subsection 15(5)(c) of the AIHW Act).

Members may provide the Board Chair with their endorsement or otherwise of a recommendation if they are absent for discussion of a particular item.

If the Board Chair is absent, the members present shall appoint one of their number to preside.

### **Remuneration and travel**

In accordance with the AIHW Act, board members who are not Australian Government, state or territory employees, will be paid remuneration as determined by the Remuneration Tribunal.

The AIHW makes all travel and accommodation arrangements where necessary. Flights are booked according to the best fare available.

The AIHW will pay for accommodation and meals where members are required to stay overnight. The AIHW will pay for any appropriate and necessary incidental expenses.

### **Review of performance**

The board will review its own performance every 2 years. Issues reviewed may include its success in pursuing the AIHW's objectives, procedural matters, protocol and clarity of roles, the appropriateness of the mix of skills and experience among board members to enable it to adequately fulfil its functions and board member performance.

### **Induction**

New members will be offered an induction program comprising:

- meetings with the Board Chair and AIHW Director (separately) to discuss the role of the board, ministerial expectations, and the AIHW's strategic directions;

- a briefing from the AIHW Chief Financial Officer on AIHW finances, with a particular focus on assets, liabilities and risks;
- a tour of the AIHW premises and presentations from line staff in AIHW on a selection of key projects;
- a briefing on the legal responsibilities of board members arising from the PGPA Act; and
- provision of a package of essential governance information.

### **Professional development**

AIHW will make available, as agreed by the Board Chair, professional development opportunities relevant to the operations of the board.

### **Indemnity**

The AIHW provides appropriate indemnity for board members.

### **Complaints regarding conduct**

Complaints about the conduct of members in carrying out their duties should be referred in the first instance to the Board Chair. The Board Chair may provide advice and/or refer the matter to the portfolio Secretary. Resolution of such matters will depend on the nature of the complaint and the conduct that is the subject of that complaint.

## **8. AIHW Board committees**

### **Audit and Finance Committee**

The Audit and Finance Committee is established to provide advice and assurance to the AIHW Board, independent of AIHW management, on the integrity of the AIHW's financial reporting and its systems of risk management and internal control. Its functions include to:

- oversight the AIHW's risk management strategy and review the AIHW's business risk assessment at least every 6 months prior to its submission to the board
- monitor and review the fraud control framework
- recommend to the board the appointment of an internal auditor
- approve the internal audit work program, which must include adequate reviews of the AIHW's system of internal controls
- ensure the internal auditor fulfils the responsibilities required
- consider issues arising from audit reports and monitor and evaluate AIHW management's response to, and action on, those reports and recommendations
- report to the board on any matters arising from either the internal audit or the external audit functions about which the board needs to be informed
- review the AIHW's business continuity framework, including whether business continuity and disaster recovery plans have been periodically reviewed and updated
- review reports from AIHW management on compliance with the PGPA Act prior to their submission to the board
- carry out, or cause to be carried out, any investigation of any matter referred to it by the board

- comment on the AIHW's most recent monthly and year-to-date financial reports prior to their submission to the board by AIHW management
- review the AIHW's draft audited annual financial statements and discuss with the Australian National Audit Office prior to their submission to the board by AIHW management
- review the AIHW's draft budget and financial projections prior to their submission to the board by AIHW management
- review the *AIHW Investment Policy* and current investments
- advise the board on financial delegations
- advise the board on the appropriateness of the financial and non-financial performance indicators used by the AIHW to report on its performance
- consider any issues relating to the AIHW's performance that are referred to the committee by the board.

Membership comprises 4 or more persons appointed by the board who hold appropriate qualifications, knowledge, skills or experience to assist the committee to perform its functions. Three members of the committee shall be board members other than the Board Chair and the AIHW Director, and one of these board members shall be appointed as chair of the committee by the board. The fourth member of the committee shall be independent of the AIHW. A quorum is 2 committee members who are board members.

The AIHW Director shall not be a member of the committee but may be invited to attend the meeting along with other relevant AIHW staff. A person representing the internal auditors and an Australian National Audit Office staff member shall be invited to attend each meeting and provide advice to the committee on financial and audit matters.

The committee will meet prior to each board meeting at which the board considers a budget, finance or risk assessment report, which is currently four times a year.

### **Remuneration Committee**

The Remuneration Committee advises the AIHW Board on the remuneration of the AIHW Director and provides performance feedback to the AIHW Director. It reviews remuneration annually, that is, considers an appropriate percentage increase in total remuneration and an appropriate level of performance pay. The *Remuneration Committee Guidelines* also set out the process and timeframes for determining remuneration and performance pay. The committee works within guidelines issued from time to time by the Remuneration Tribunal.

Membership comprises the Board Chair, the Chair of the Audit and Finance Committee and one other board member.

## **9. AIHW Ethics Committee**

The AIHW Ethics Committee is established under the AIHW Act and has the power to release identifiable data for research purposes. The AIHW Ethics Committee is not a committee of the AIHW Board as it is not subject to direction by the board.

The AIHW Ethics Committee considers the ethical acceptability of proposed applications and advises the AIHW as to whether projects satisfy the criteria developed by the committee. It assists the AIHW to fulfil its function to enable researchers to have access to the data it

holds. Through the AIHW Ethics Committee Secretariat, the committee monitors existing projects annually, and maintains a register of applications for projects.

Members of the committee are appointed by the board. Committee composition is prescribed by regulation. The usual practice is to appoint members for 3-year terms with the opportunity for re-appointment.

The AIHW Board oversees the activities of the AIHW Ethics Committee, as part of its overall responsibility for the good governance of the AIHW, through a process of regular reporting by way of an annual written report summary.

The AIHW Ethics Committee provides a yearly report of its operations to the National Health and Medical Research Council.