

W e s t W o o d S p i c e

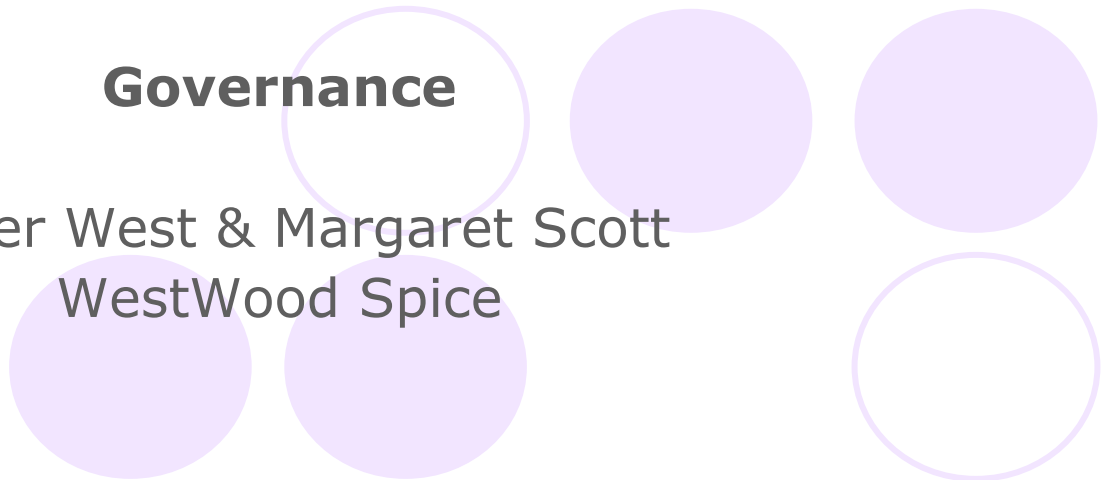
Better Outcomes, Better Lives

HealthOne NSW Statewide Workshop

Friday, October 17, 2008

Governance

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WestWood Spice



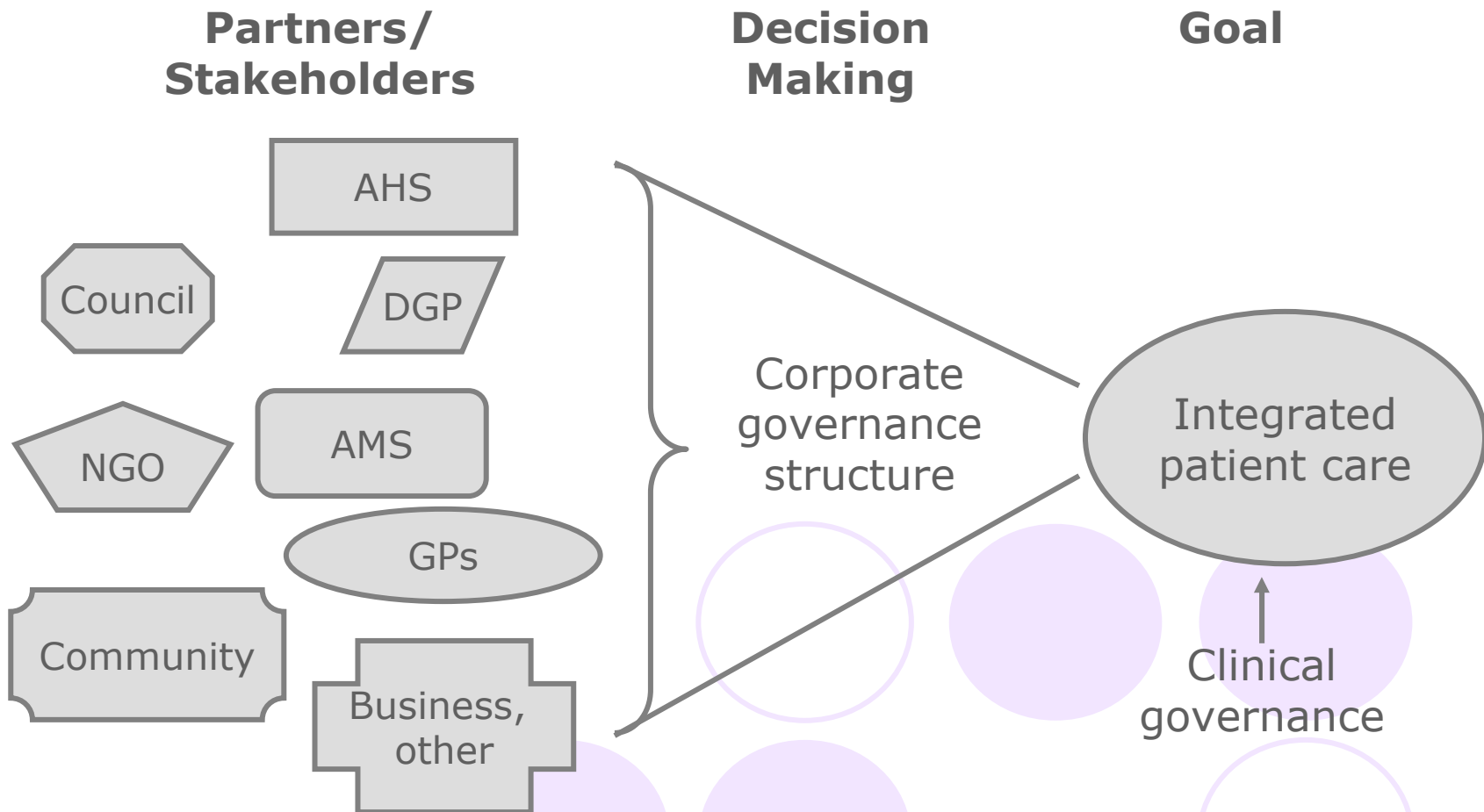
Governance

- Define governance
- “Corporate governance” cf clinical governance
- What makes for good governance?
- How do you get there?
- What are the legal options?
- Experiences to date in HealthOne NSW

Corporate Governance: what do we mean?

- **Governance** is simply defined as the act or function of exercising authority or control.
- **Corporate governance** – (cf clinical governance), relates to a process and structure to support decision making in relation to:
 - Roles & responsibilities of participating parties
 - Financial, contractual & business arrangements
- In the corporate (incl. NFP) environment, governance is generally exercised by a board or management committee of a separate legal entity.

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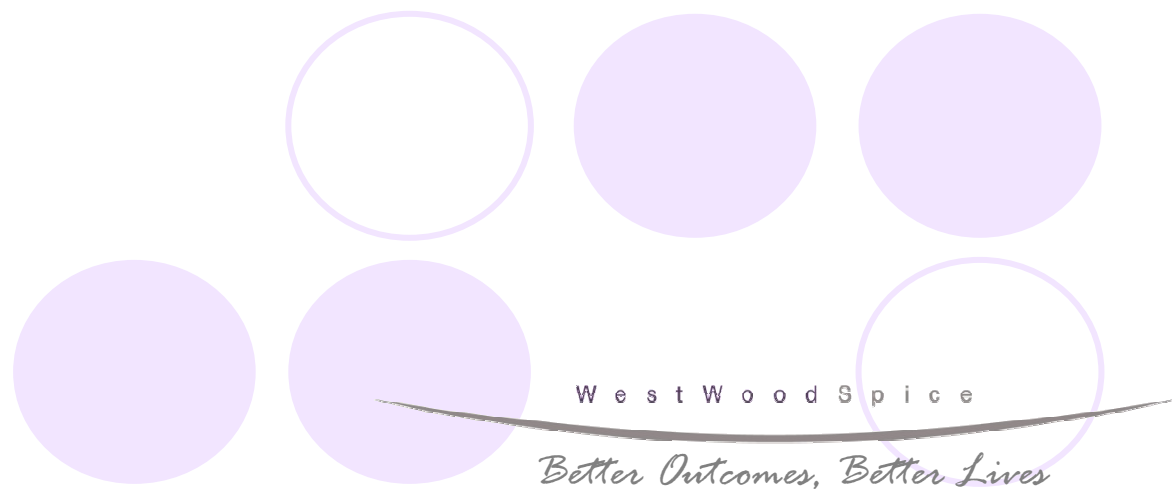


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“Governance is the glue”



Elements of good governance

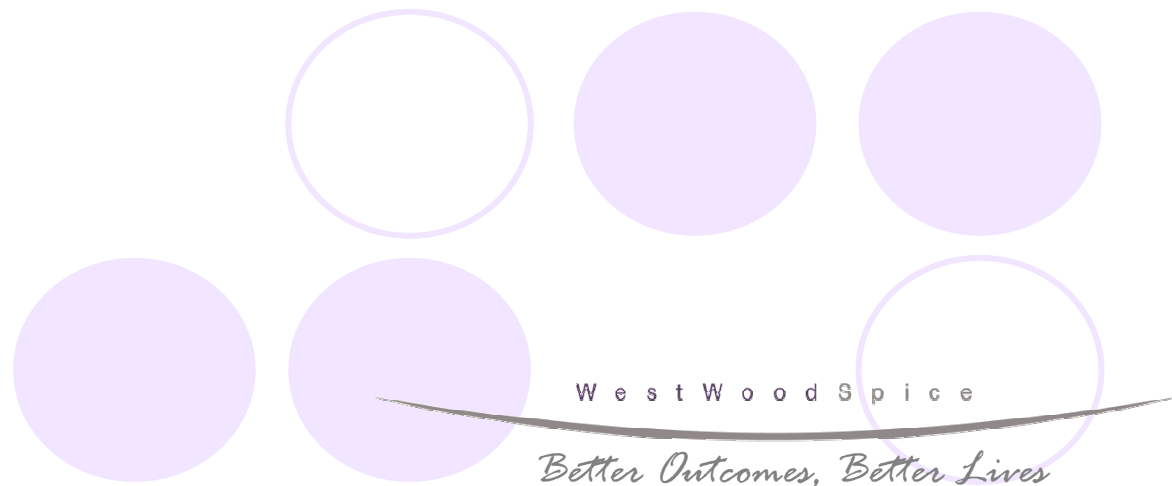
- Transparency & accountability
- Clear decision making frameworks
- Clear financial arrangements
- Effective communication mechanisms
- Effective participation by diverse interests
- Appropriate capacity & skills eg financial management
- Not too complex, minimal bureaucracy

Elements of ideal HON governance model

- Supports the clinical model
- Clear arrangements for:
 - allocating roles & responsibilities
 - decision making between organisations, authority, delegation
 - reporting to each others' respective organisations & to others
 - day to day management arrangements
 - review & monitoring
 - resolving issues b/w partners & b/w others
 - recruitment, "hiring & firing"

Good governance: the process for getting there

- Decide the practical arrangements first, and then find a legal framework that best fits (ie don't let the tail wag the dog)



Getting there (cont.)

- Allow time
- Build trust & shared purpose, vision, goals, outcomes
 - Involve the right people
 - Understand different perspectives & needs
- Establish effective communication systems
- Develop clear understanding & agreement on
 - the purpose & activities of the entity
 - exactly what's in and what's out
- Agree on areas for shared decision making and areas for individual autonomy
- Design a legal structure to support agreed decision making

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Barriers

- Lack of communication
- Lack of trust
- Unclear, unrealistic or unaligned expectations
- Anxiety, fear of the unknown
- Unchartered territory, few precedents
- Structural/cultural – different sectors and interests, financing, poor linkages
- Insufficient time and commitment

Options for legal governance structures

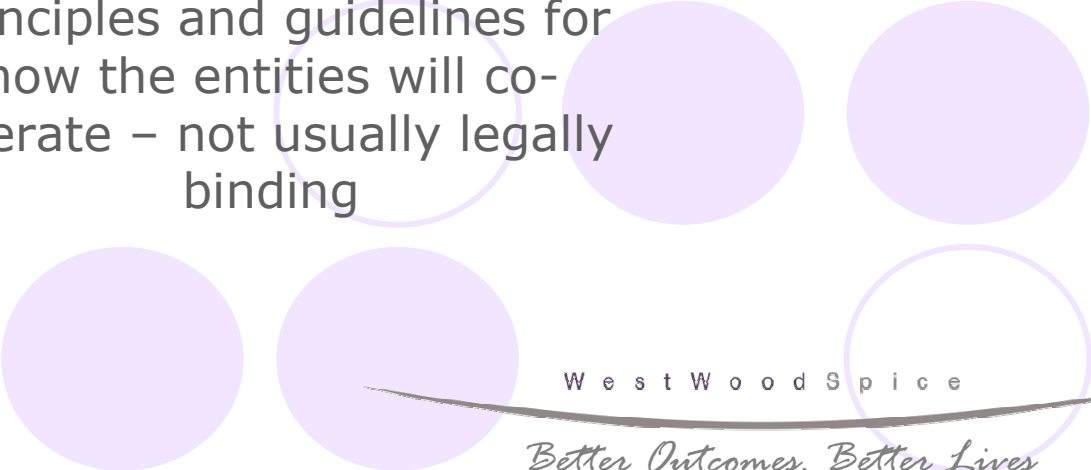
- MOU
- Contractual agreements eg SLA
- Partnership agreement
- Company – shares (private company)
- Company – guarantee (special form of public company)
- Other – eg trust, mutual, status quo?

Can vary and evolve over time

MOU (Memorandum of Understanding)



ie, a set of operating principles and guidelines for how the entities will co-operate – not usually legally binding

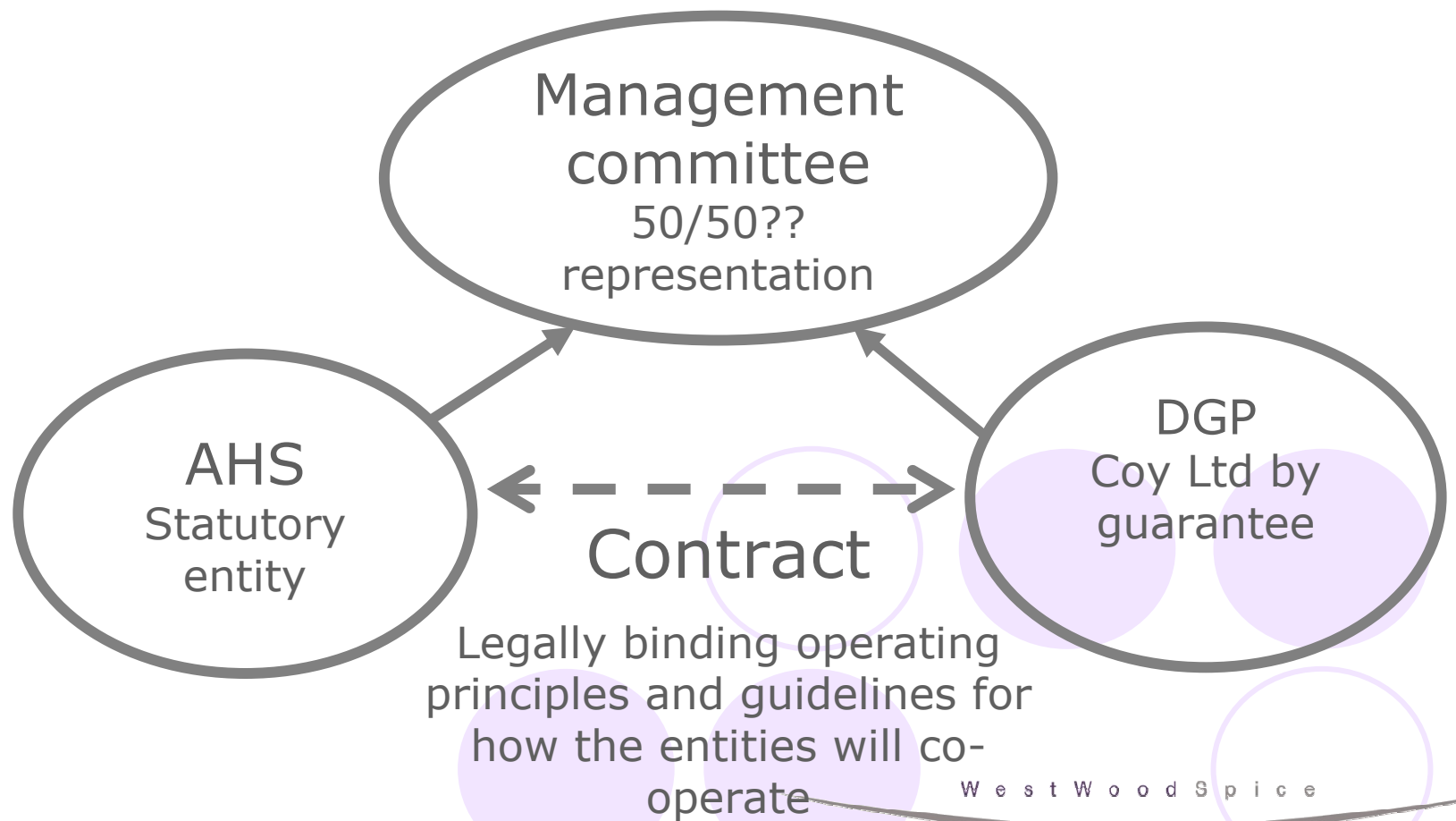


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Contract

(eg Service Level Agreement or Joint Venture Agreement)

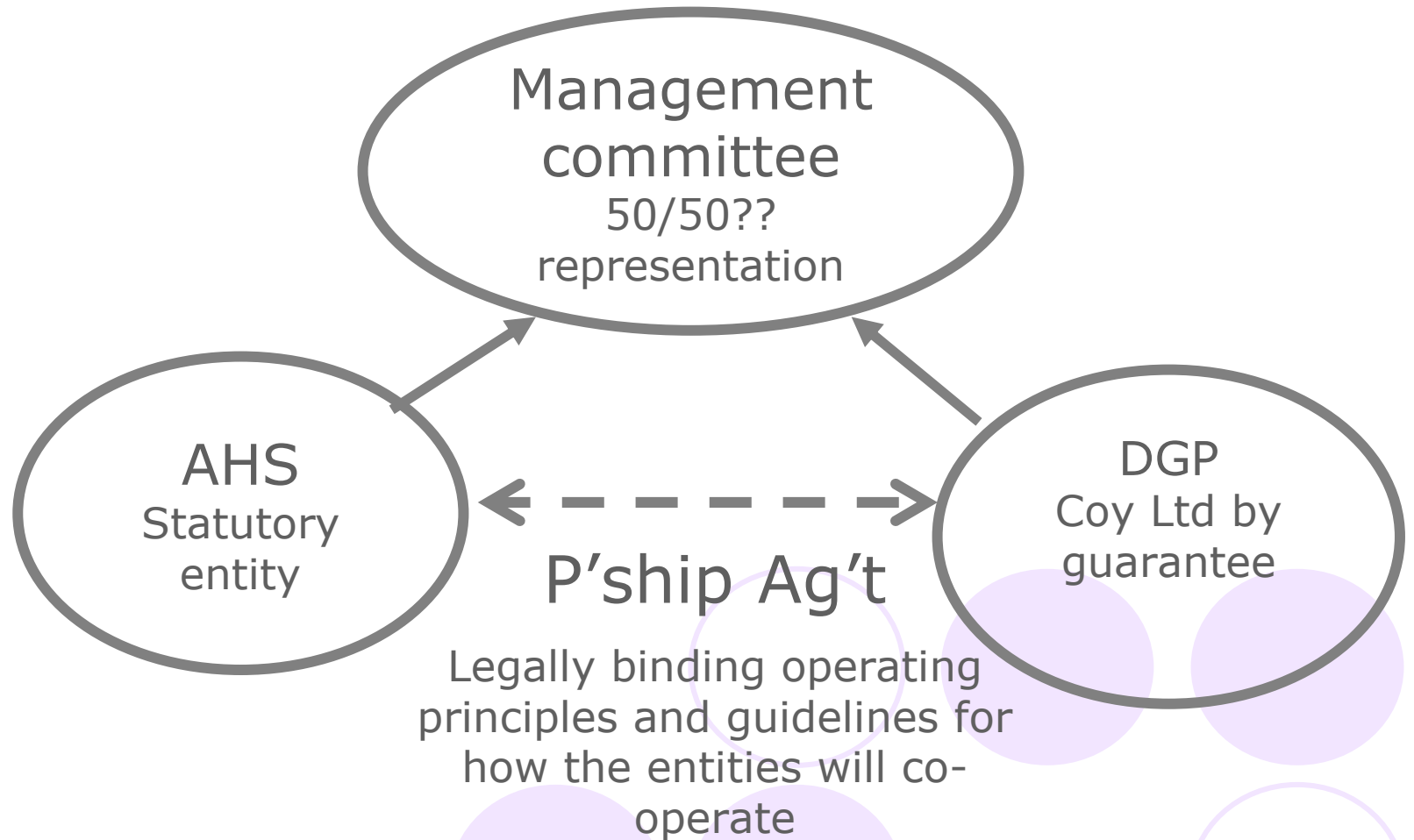


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Partnership

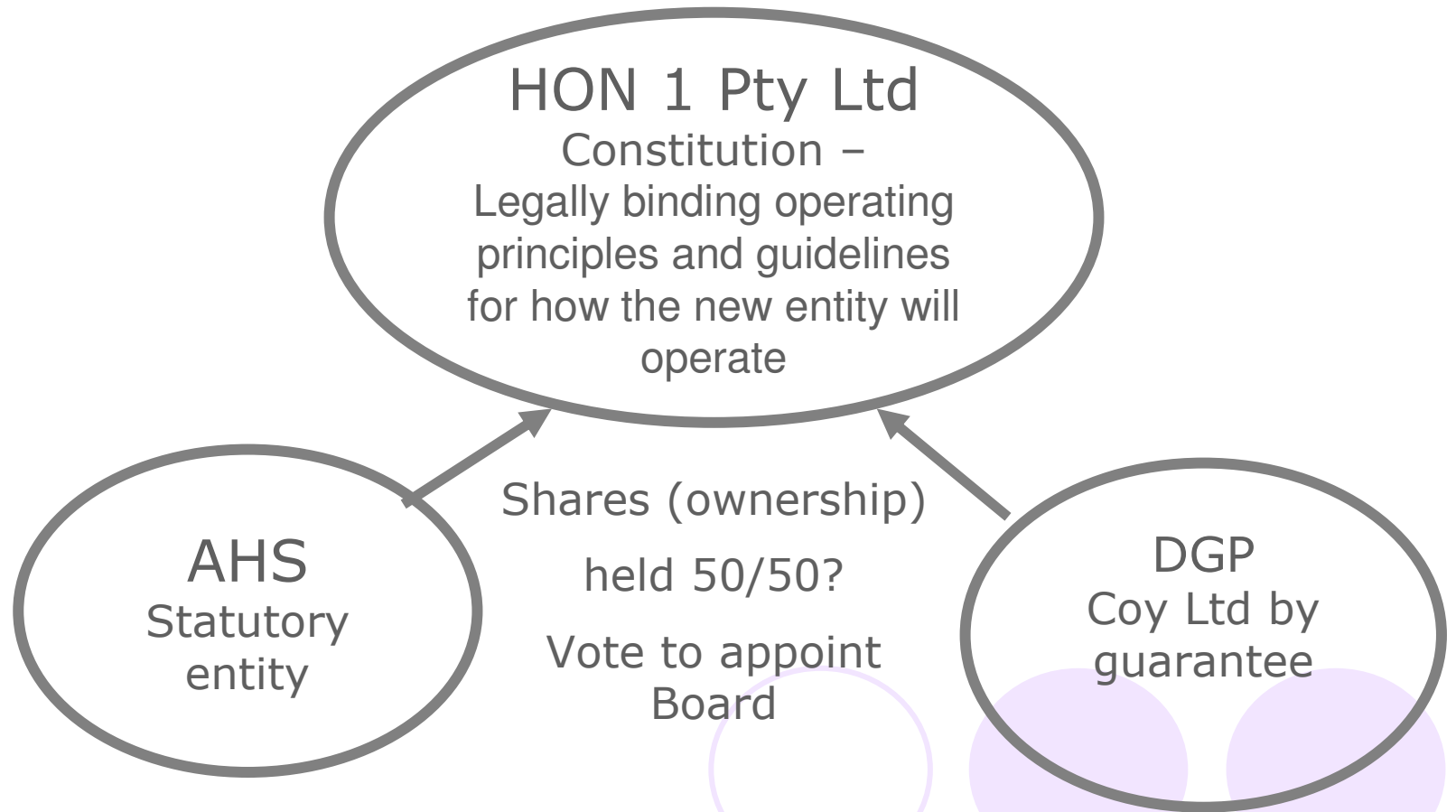
Special form of contract, governed by the Partnership Act, 1892



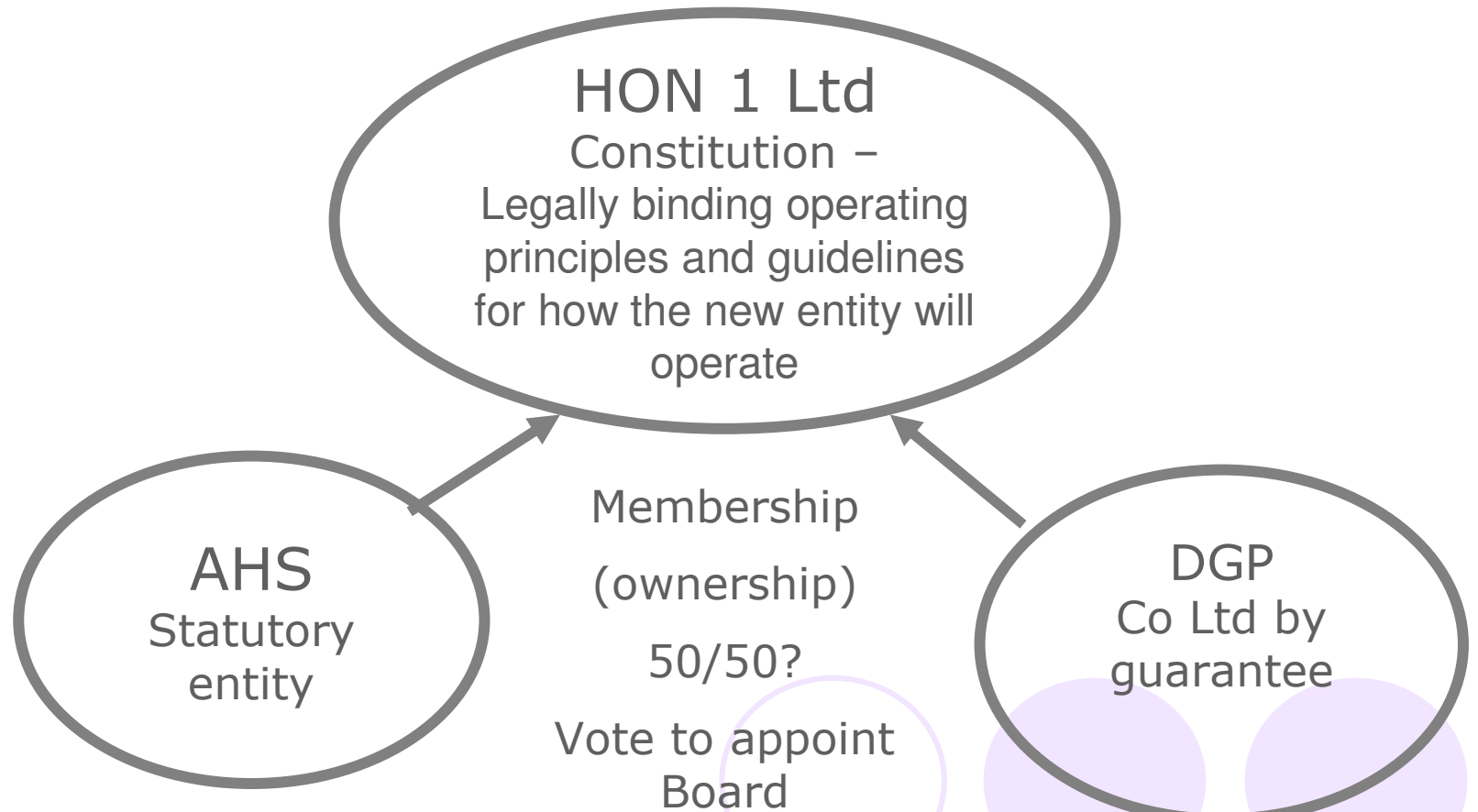
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Company - shares



Company - shares



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Questions and discussion



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