Corporate and community: strengthening governance in the Aboriginal community controlled health sector

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1National Aboriginal Community Controlled Health Organisation

Introduction to the Aboriginal community controlled health sector

The first Aboriginal Community Controlled Health Service (ACCHS) was established over 40 years ago in response to the urgent need to provide appropriate and accessible primary health care services for Aboriginal and Torres Strait Islander people in Sydney.1

Over successive decades, a ground swell of movement by Aboriginal and Torres Strait Islander communities saw the establishment of ACCHSs across Australia.

Despite the various changes of government and levels of support, the number of ACCHSs has now grown to over 150 located in urban, regional, rural and remote regions across Australia.1

ACCHSs have learnt to adapt with the growing demands and external changes in the Australian primary health care system and the political minefield of Aboriginal affairs.

Many ACCHSs have developed into large million-dollar, multi-service organisations and are a major employer of Aboriginal and Torres Strait Islander people. In addition, ACCHSs are usually the only Aboriginal and Torres Strait Islander community organisation in non-metropolitan communities that have survived post the dismantling of the Aboriginal and Torres Strait Islander portfolio administered by the Aboriginal and Torres Strait Islander Commission (ATSIC).

Within this unique environment, ACCHs are in the position of constantly balancing their obligations of corporate governance and community governance.

For the purposes of this paper, corporate governance is defined as:

“the processes by which organisations are directed, controlled and held to account. It encompasses authority, accountability, stewardship, leadership, direction and control exercised in the organisation.”2

For the purposes of this paper, community governance is defined as:

“community participation, engagement, management and decision-making while also implicating the broader aims of addressing community needs and building community capacity and wellbeing.”3

Within the ACCH sector, community governance is embodied and defined specifically through the philosophy of Aboriginal Community Control:

“Community Control is a process which allows the local Aboriginal community to be involved in its affairs in accordance with whatever protocols or procedures are determined by the Community... and is:

- An incorporated Aboriginal organisation
- Initiated by a local Aboriginal community
- Based in a local Aboriginal community
- Governed by an Aboriginal body which is elected by the local Aboriginal community
- Delivering a holistic and culturally appropriate health service to the Community which controls it.”4
This paper will discuss the opportunities and threats faced by the ACCH sector in fulfilling the often competing obligations of corporate and community governance. The current approach by NACCHO and Affiliates to strengthening the good governance practices will be highlighted, showcasing the work of the Victorian Aboriginal Community Controlled Health Organisation (VACCHO) in Victoria and the Institute for Urban Indigenous Health (IUIH) in Queensland.

It will be concluded that the ACCH sector is entering a new period of self-review and renewal in order to maintain interconnectivity with reforms to the Australian primary health care system. A number of recommendations will be made that emphasise the need for ongoing strengthening of Aboriginal and Torres Strait Islander community capabilities, as well as ongoing relational development between the Australian Government Department of Health and Ageing (DoHA) and the ACCH sector.

**Fit within the health system: challenges for ACCHSs**

At a national level, there are three key external reform processes that have impacted on or are presently challenging the fit and functions of ACCHSs within the Australian health system:

- Public sector reforms (1990s)
- National Health Reform (2010s)
- Australian Charities and Not-for-Profit Commission (ACNC) (2010s)

**Public sector reforms**

In the late 1990s, the public sector introduced a robust corporate governance framework to provide better performance, accountability and risk management. Sullivan notes that this framework saw the introduction of competitive tendering for the provision of services in order to improve cost-effectiveness.

Like other public sector agencies, the Department of Health and Ageing (DoHA), as the major funder of ACCHSs, is required to administer open and transparent processes for expenditure of public monies.

While direct core funding to ACCHSs through the Office for Aboriginal and Torres Strait Islander Health (OATISH) has not been subject to these arrangements, the silent threat of tendering out for Aboriginal and Torres Strait Islander health funding continues to hang over the ACCHS sector.

This is increasingly preferred by DoHA as the administrative process for newer health measures under the Federal Budget, population health approaches and grant-based funding cycles in order to ensure transparency, best-buys and value for money.

The experience for ACCHSs is one in which there is limited organisational capacity to compete in these administrative processes, which subsequently limits the capacity to deliver a wider range of comprehensive health services for the local community.

**National health reform**

The National Health Reform Agenda is presenting additional challenges for the role and functions of ACCHSs within the primary health care landscape.

Medicare Locals have been established across the country with large geographic regions focused on regional integration and coordination of primary health care and linking to Local Hospital Networks.

The size of ACCHSs varies across Australian from small standalone services to large regionalised operations – the boundaries of which do not align with or are subsumed by Medicare Locals.
Throughout the conceptualisation and development of Medicare Locals, the ACCH sector has been largely silent and invisible. In fact, NACCHO argue that the engagement of ACCHSs with Medicare Locals has been patchy and in some cases extremely difficult.

The experience for ACCHSs is one in which many are still unclear how engagement will value-add to the already administrative burden of performance reporting and accountability.

**Australian Charities and Not-For-Profit Commission**

The regulatory reforms to Australian Charities and Not-For-Profit (ACNC) sector proposes to simplify reporting and accountability processes for ACCHSs. This is welcomed, as an individual ACCHS is currently required to comply with:

- Clinical Accreditation (AGPAL/RACGP)
- Organisational Accreditation (ISO/QIC/ACHS)
- Australian Government Funding Agreements (financial and performance reporting)
- State Government Funding Agreements (financial and performance reporting)
- State Accreditation (eg: Children, Aged Care)
- DoHA (OATSIH) Risk Assessment Processes (RAP)
- Other sources of funding reporting requirements

Dwyer et al noted in the Overburden report (2009) that for financial reporting alone, an average ACCHS will produce 22 financial reports for 20 activity reports (statistical and other summaries of the services provided) equating to an average of 42 reports for 21 grants.

Despite the fact that the majority of ACCHSs meet all regulatory compliance, reporting and accountability, there is an increased focus and pressure on leadership, governance and management of resources by ACCHSs. This is in part attributable to recent media attention on a small number of cases where there has been failure of corporate/community governance practices within ACCHSs.

In many of these cases, poor decision-making and lack of transparency by Board members and Senior Executive Officers resulted in ‘intervention and administration’ by the Office of the Registrar for Indigenous Organisations (ORIC), allowable under the Corporations (Aboriginal and Torres Strait Islander) Act 2006.

The ORIC report completed in 2012 examined the key characteristics in Indigenous corporate failure noted that this is also ‘consistent with mainstream corporate failure’.

For ACCHSs, external drivers have resulted in increased regulatory compliance and corporate governance practices. This is assumed to deliver cost efficiency, and improved processes resulting in improved health outcomes for Aboriginal and Torres Strait Islander people.

However, opportunities to reform, coordinate and strengthen the ACCH sector are present. The ACCH sector has the longer-term vision of self-regulation of the ACCH sector. This also has the political support of the existing Minister for Indigenous Health, Warren Snowdon MP.

In working towards and creating an environment in which the ACCH sector will self-regulate, the Department of Health and Ageing has funded the trial of the NACCHO Governance and Member Support (GMS) Initiative.
NACCHO Governance and Member Support (GMS) Initiative

The NACCHO Governance and Member Support (GMS) Initiative was established in mid-2012 and is funded until 30 June 2013. It aims to extend the capacity of NACCHO and its Affiliates to work with members to strengthen good governance across the ACCH sector.

Through the GMS Initiative, NACCHO subcontracts the operations of member support services to all NACCHO Affiliates across Australia. Stages 1 & 2 of the project required the establishment of structures and processes for governance and member support function to operation.

The member support functions are provided on a needs-based approach to address gaps or areas identified by Affiliates and individual ACCHs. The current scope of the GMS Initiative specifically targets governance training and development, and also to assist ACCHs to strengthen their capabilities with strategic business management, design and development.

A Sector Governance Network (SGN) [Figure 1] has been established comprising Affiliate Board & CEO representation from each State & Territory. The SGN provides high level strategic guidance on the direction of the NACCHO GMS and ensures consultation and ownership of the GMS is relevant and appropriate to each jurisdiction.

A newly formed SGN Action Officers group has been established to coordinate, share and discuss implementation issues, gaps and innovation that each Affiliate is facing in their jurisdiction.

While the GMS Initiative has been operating for less than one year, there have been a number of achievements at a national, state and regional level that demonstrates the value for money, commitment and leadership from the ACCH sector.

Figure 1 Structure chart
NACCHO Governance Code: National Principles and Guidelines for Good Governance

Principle 1: The Board will provide good governance and leadership by implementing community control.

Principle 2: The Board will provide good governance and leadership by understanding their role.

Principle 3: The Board will provide good governance and leadership by ensuring delivery of the organisation’s objectives.

Principle 4: The Board will provide good governance and leadership by working effectively both as individuals and as a team.

Principle 5: The Board will provide good governance and leadership by exercising effective control.

Principle 6: The Board will provide good governance and leadership by behaving with integrity.

Principle 7: The Board will provide good governance and leadership by being open and accountable.

In August 2012, the National Principles and Guidelines for Good Governance (NPGs) was endorsed by the NACCHO Board of Directors.

This was the culmination of a comprehensive review of existing literature and research to develop a Governance Code that incorporated principles of both corporate and community good governance.

The NPGs were developed in consultation with the SGN and have were endorsed by all Affiliate Boards.

For the first time, the ACCH sector has established an endorse industry specific and culturally appropriate principles and guidelines for good governance within which the ACCH sector will measure, monitor and grow.

With the establishment of both the SGN and the Action Officer’s meeting, the GMS Initiative has seen the development and growth of collegial support, leadership and sharing of knowledge, skills and capabilities across jurisdictions.

In addition, the 2012 Annual NACCHO Members’ Meeting was held on 20-21 November 2012 with the theme of "Our Business, Our Way: Governance". The GMS Initiative was the focus of the 2-day workshop. The NPGs were discussed and disseminated to over 290+ participants. Each Affiliate also provided an overview of their activities. The ACCH sector supports the strengthening of good governance and capacity development of the sector to self-regulate.

ACCH Sector Reform in Action

The GMS Initiative has established member support functions in each of the Affiliates across Australia. Each Affiliate has developed a GMS workplan that builds on and identifies the needs of their member organisations within the context of strengthening governance training and development and their capabilities with strategic business management, design and development.

Within the ACCH sector, there are exemplar cases that are not just meeting the principles of the NPGs but are surpassing in terms of excellence in innovation for good corporate and community governance.

Victorian Aboriginal Community Controlled Health Organisation (VACCHO)

In Victoria, VACCHO has integrated the governance and member support functions within their existing Sector Quality Improvement (SQI) Unit.
In acknowledging the plethora of regulatory compliance and accountabilities faced by their member ACCHSs, the SQI Unit has demonstrated leadership in the sector by developing a number of resources to enable ACCHSs to prepare and self-assess against these ongoing requirements.

VACCHO has developed a Preparation and Self Assessment Tool that outlines the rationale and provides a range of examples of what each principle would look like in practice for an ACCHS. Individual member ACCHSs are then able to see what they have in practice and develop strategies to strengthen areas identified.

This document has been prepared by the SQI Unit to work with their members in undertaking a self-assessment, assisting with addressing any gaps and the implementation of systems, policies, guidelines and required documents.

Within less than 1 year, the VACCHO SQI Unit has completed the following:

- assisted with the operational review of 15 Board meetings
- developed an interpretative self-assessment tool for the NPGs
- developed a self-assessment resource kit in preparation for the OATSIH Risk Assessments
- provided 6 onsite risk workshop events and coaching session and
- developed 2 resource kits regarding risk identification and mitigation

The Institute for Urban Indigenous Health (IUIH)

At a regional level, the Institute for Urban Indigenous Health (IUIH) was established in 2009 as the response to the growth of Aboriginal and Torres Strait Islander peoples in the South East Queensland region. It is estimated that of the total Aboriginal and Torres Strait Islander population in QLD, approximately 38% reside in the SEQLD corridor.

The IUIH is a regional partnership between four (4) ACCH organisations:

- Aboriginal and Torres Strait Islander Community Health Service Brisbane
- Kalwun Health Service
- Yulu-Burri-Ba Aboriginal Corporation for Community Health
- Kambu Medical Centre

The IUIH aims to support the effective implementation of the Council of Australian Government’s (COAG) ‘Close the Gap’ initiatives and promotes partnerships and integration with other mainstream health services.

The IUIH is committed to the establishment and ongoing demonstration of good corporate and community governance practices.

The IUIH Governance Group Action Plan for 2012/2013 identifies priorities for strengthening the governance and management of ACCHSs in SEQLD. These include:

- The development of Best Practice/ Model Constitution for ACCHSs – that will adjust to address unique needs of members, while providing consistency in governance arrangements and core roles/functions concerning the delivery of comprehensive primary health care.
- Appointment of Independent Professional Company Secretaries – to enhance Board processes and strengthen governance systems.
• **Board/Director Development** – including minimum skills required of Directors elected to Boards of ACCHSs and training.

• **The development of Governance Toolkit** – containing best practice governance and corporate policies and procedures and templates to enhance corporate governance systems within ACCHSs.

• **Community Governance** – strengthened by ensuring regular communication/input from communities into the operation and decision-making of Boards.

• **Remuneration and Performance Reviews** – development and implementation of strategies to standardise processes form setting executive remuneration and undertaking performance review of CEOs and Senior Management within ACCHSs.

• **Professional Development** – development and implementation of professional development strategies for CEOs and Senior Managers within ACCHSs.

**Emerging Issues for the GMS**

With NACCHO, Affiliates and the ACCH membership focused on corporate and community governance improvement, the opportunity is presented to strengthen the capacity of the sector towards better self-regulation.

In less than 12 months since the commencement of the GMS Initiative, there has been greater cohesiveness and working together of NACCHO, Affiliates and individual ACCHSs. With greater collegial support and discussion, a range of emerging issues linked to corporate and community governance improvement have been identified that need national discussion and debate. These impact on and will shape the future strategic directions for the sector.

**Strengthening Organisational Capability:**

• **Constitutional Reform** – preferred legislation for incorporation, skills-based boards

• **Regionalisation of ACCHS services** – shared business services, data and/or coordination of health workforce

**Workforce Development and Succession Planning**

• **Recruitment, Retention & Succession Planning** – engagement of young Aboriginal and Torres Strait Islander people

• **Professional Development** - access to clinical, non-clinical, technical management training, development and support

• **CEO & Senior Staff Remuneration** – sector wide guidance and support

**The Quality Agenda**

• **Continuous quality improvement** - accreditation and organisational business processes

• **Clinical Governance** – networking and a regionalised approach

**Recommendations**

Aboriginal Community Controlled Health services are located all over Australia in remote, rural, regional and urban locations. They are providing services in places where there is limited mainstream health service provision. They are also dealing with a wide array of primary health and social determinants.

ACCHSs are a vital part of the Australian primary health care landscape that need to be supported to ensure sustainability and continuity, if we are to make improvements in Aboriginal and Torres Strait
Islander health. In order to realise this longer term vision, NACCHO provide the following recommendations:

**Recommendation 1:** The Federal Government continues to directly fund ACCH services for the provision of primary health care to Aboriginal and Torres Strait Islander people nationally.

NACCHO and the ACCH sector acknowledge the need for good corporate governance and assert the necessity of community control of health services.

In the longer term, the opportunity costs of prevention and self-regulation of the ACCH sector will greatly surpass the financial and social consequences of government intervention and administration.

**Recommendation 2:** The Federal Government continue to invest in strengthening the capacity of NACCHO and Affiliates through the Governance and Member Support (GMS) Initiative.

**Recommendation 3:** Federal Government and State Government reduce and simplify the burden of compliance reporting, accountability and risk assessment, in light of the numerous accreditation frameworks that ACCHSs are subject to and the establishment of the ACNC.

The communication or coordination between the ACCH sector and mainstream primary health services continues to be patchy and can be greatly improved with the shared goal of improving Aboriginal and Torres Strait Islander health.

**Recommendation 4:** Mainstream primary health services (including Medicare Locals) partner with ACCHSs to support the capacity development and improve the coordination of health services to Aboriginal and Torres Strait Islander people.

**References**

4. NACCHO. Constitution for the National Aboriginal Community Controlled Health Organisation. Ratified at the NACCHO AGM 15th November 2011.
