



Communication for Members

Proposed changes to the Star Health Constitution

1 Background

The last major update to the Star Health Constitution was in 2014-2015.

Last year, the Board initiated a review of Star Health's Constitution and governance to ensure Star Health remains contemporary in an increasingly complex and rapidly evolving environment. In those three years, there have been major changes to Commonwealth and State funding, the rollout of the National Disability Insurance Scheme, several Royal Commissions and funding pressures.

As part of the review, the Board identified a number of changes which could be made to the Constitution to modernise the way Star Health operates and keeps up-to-date with current practice in the sector.

2 Changes to the Board structure

Currently, the Board comprises 6 Elected Directors and up to 4 Appointed Directors. Members of Star Health are being asked to consider a model where all directors are appointed in accordance with a skills matrix.

This proposed change has arisen due to a continuing health sector shift to higher and higher levels of professionalisation of Boards, particularly in ensuring that Boards as a whole have a relevant and diverse set of skills and experience. The need for Boards to have a diversity of skills and experience is also highlighted by key governance policies including the Department of Health and Human Services (DHHS) Director's Toolkit and ASX Corporate Governance Principles.

In addition, DHHS is increasingly focussed on quality and good governance. This heightened concern is largely in response to the 2018 report that was commissioned following the discovery of a cluster of tragically avoidable deaths of babies in 2013-14 at Djerriwarrh Health Services. The report, *Targeting zero, the review of hospital safety and quality assurance in Victoria*, resulted in the establishment of Safer Care Victoria¹.

The *Targeting Zero* report stated that it is critically important that directors of public health services "must be highly skilled, independent and effective". This finding is also relevant to community health services but cuts across the traditional model of community health governance, namely that a majority of directors are elected by and from the members. While it is a significant change, the Board believes it is right that this model be considered for adoption by the members.

To ensure the right people are appointed to the Board of Star Health, a nominations committee will be established to administer a skills and attributes matrix to ensure there is a diversity of relevant/desired skills on the Board and oversee a transparent process for nominations in line with the matrix.

¹ <https://www.dhhs.vic.gov.au/publications/targeting-zero-review-hospital-safety-and-quality-assurance-victoria>

Star Health also wants its members to be involved in the process, ensure processes are fair and transparent, and ensure there is accountability to all members. For this reason, the proposed amendments permit member participation by providing members with prior notice of the selection process so they have a reasonable opportunity to nominate themselves or another suitable person. The Board must publicly advertise to seek director candidates.

3 Changes regarding membership

The Board identified a number of minor changes which should be made to better reflect the membership of Star Health as follows:

- 3.1 articulating the “role of Members” to clearly identify the powers, responsibilities and obligations of Star Health’s members, including to hold the Board to account;
- 3.2 clarifying that there are no membership fees payable by members;
- 3.3 protecting the rights of members by requiring at least 75% of all Directors (not just those who are present) to vote in favour of a terminating a member’s membership or warning, censuring, suspending or expelling a member if they engage in terminable conduct; and
- 3.4 clarifying the quorum for general meetings.

4 Other changes to the Board and its processes

A number of minor changes are also proposed to more accurately reflect the role and decision-making of the Board and to modernise its processes. The proposed changes are as follows:

- 4.1 clarifying the role of Star Health’s Company Secretary so that the Constitution reflects who is responsible to undertaking the administrative and organisational roles in relation to the Board;
- 4.2 permitting written resolutions of the Board unless a Director requests to discuss the proposed resolution at a physical Board meeting;
- 4.3 setting out the functions of committees that the Board may make to undertake specific functions to assist in the operations of Star Health; and
- 4.4 recognising that the Board may adopt a Board governance charter which describes how the Board ensures it will operate effectively and efficiently.