

WE HAVE A STRONG, FORWARD
THINKING NETWORK OF PEOPLE
DEDICATED TO DELIVERING THE
BEST RESULTS FOR THE FUTURE
OF AUSTRALIAN HEALTH
...NOW THAT'S SOMETHING
TO BE PROUD OF.

03



→ CORPORATE GOVERNANCE, SERVICES AND ARRANGEMENTS

HIC recognises that effective corporate governance is essential to manage its strategic direction and day-to-day operations. HIC's Board of Commissioners and senior management have implemented a strong corporate governance framework.

HIC's Board of Commissioners

HIC's Board of Commissioners operates within the framework of a corporate governance charter which guides Commissioners in adopting the highest ethical and professional standards in carrying out their governance roles. Its code of conduct emphasises the need for Commissioners to act honestly, in good faith and in HIC's best interests. It outlines HIC's Board of Commissioners functions in terms of goal setting and strategy formulation and delineates these from senior management responsibilities. The charter also sets out the obligations of Commissioners in relation to possible conflicts of interest, expanding upon their obligations according to Subdivision B, Division 4, Part 3 of the Commonwealth Authorities and Companies Act which relates to the conduct of officers.

Structure

The Health Insurance Commission Act stipulates that HIC's Board of Commissioners has a chairperson, a managing director and nine other members. These are appointed by the Governor-General for periods of up to five years and may be reappointed. The Commissioners, including the chairperson, are part-time appointments. The Managing Director is a full-time appointment and is HIC's Board of Commissioners only executive director. The Managing Director manages HIC's operations as directed by HIC's Board of Commissioners.

Commissioners must disclose any pecuniary interests that may conflict with matters being considered by HIC's Board of Commissioners in session. Meetings are presided over by the chairperson. HIC's Board of Commissioners' decisions are by majority vote with the chairperson having a casting vote. In the absence of the chairperson, the Commissioners present may conduct a vote for the election of a person to preside at an HIC Board of Commissioners' meeting. The Managing Director is not eligible for election.

Remuneration

The chairman's remuneration is \$57,410 a year. Commissioners receive \$24,240 a year. The Managing Director receives a total remuneration package of \$270,000 a year including superannuation and fringe benefits, plus access to performance pay. Committee fees of \$5,200 a year apply to membership of HIC's Board of Commissioners Audit Committee and the Fraud and Service Audit Committee. The chairs of both committees receive \$10,000 a year. HIC's chairman does not receive additional fees for attending these committee meetings.

Directors' and officers' liability insurance

HIC has in place directors' and officers' liability insurance covering both HIC and its subsidiary, HeSA Pty Ltd, against liability for an act or omission in the capacity of director, officer or employee of the company.

Membership and attendance at HIC's Board of Commissioners meetings

Commissioners during 2002–03	Appointment expiry date	Number of meetings eligible to attend	Number of meetings attended
Mr Peter Bunting, LLB, FCA — Chairman	22 December 2005	11	10
Mr Robert Collins, BSc, FAICD, FAIM	4 July 2005	11	10
Sr Maria Cunningham, FCNA, MAICD	4 July 2005	11	7
Dr Jeff Harmer, BA (Hons), Dip Ed, PhD, FAIM — Managing Director	13 April 2004	7	7
Mr James Kelaher*, BA, MBA, FCPA, MAICD		4	4
Mr Colin Johns, OAM, AJA, FAIPM	24 November 2003	11	11
Dr Bryce Phillips, AO, MBBS, FAMA Reappointed 1 September 2001	30 August 2006	11	9
Mr Ian Fletcher, BA, FAIM, MAICD, CMAHRI, JP	10 November 2002	4	4
Ms Jane Halton, BA (Hons), FAIM, PSM	10 November 2006	11	5
Mr Ron Harris	10 November 2006	6	5
Dr Sally Warneford, BSc (Hons), PhD	30 August 2006	11	9

Retirements during the year

Mr Ian Fletcher, BA, FAIM, MAICD, CMAHRI, JP	10 November 2002
Mr Ron Harris	3 March 2003
Dr Jeff Harmer, BA (Hons), Dip Ed, PhD, FAIM — Managing Director	10 March 2003

*Appointed Acting Managing Director from 10 March 2003 – 7 September 2003



Peter Bunting
Chairman



Dr Jeff Harmer
Managing Director



Dr Sally Warneford
Commissioner



Robert Collins
Commissioner



Ms Jane Halton
Commissioner



Sister Maria Cunningham
Commissioner

→ HIC'S BOARD OF COMMISSIONERS

Top (L-R): Peter Bunting – Chairman, Dr Jeff Harmer, Dr Sally Warneford, Colin Johns, Dr Bryce Phillips.

Bottom (L-R): Robert Collins, Jane Halton, Sister Maria Cunningham, James Kelaher – Acting Managing Director, Doug Hall – Commission Secretary. Jeff Whalan (not pictured) was appointed as Managing Director on 15 August 2003.



Colin Johns DAM
Commissioner



Bill Bryce
Chairman



James Kalsher
Acting Managing Director



Doug Hall
Commission Secretary



The Commissioners

Peter D. Bunting, LLB, FCA, was appointed Commissioner on 23 December 1997. His term expires on 22 December 2005. Mr Bunting was appointed Chairman on 25 May 2000. He is the Managing Director of PDB Associates Pty Ltd, which provides corporate advisory services. He is also a director of several public and private companies and is a Fellow of the Australian Institute of Company Directors, the Taxation Institute of Australia and the Institute of Chartered Accountants in Australia.

Robert J. Collins, BSc, FAICD, FAIM, was appointed Commissioner on 5 July 2000. His term expires on 4 July 2005. Mr Collins is Managing Director of Candle Australia Ltd, a publicly listed company involved in personnel services. His previous roles include Chief Executive Officer of FreeOnline Holdings Ltd, a company involved in online consumer marketing, and Chief Executive Officer of Icon Recruitment and Ajilon Australia, companies owned by the world-wide Adeco group. Mr Collins was founding past president of the Information Technology Contracting and Recruiting Association.

Maria Cunningham, FCNA, FAICD, was appointed Commissioner on 5 July 2000. Her current term expires on 4 July 2005. Sister Cunningham is a Sister of Charity and holds qualifications in nursing, community health and health administration. She has recently been appointed to the Sister of Charity Community Care Services and is a Director of the Sisters of Charity Health Service (SCHS) and Trustee of Catholic Health Care Services. Sr Cunningham has previously held the position of Regional Chief Executive Officer of SCHS Darlinghurst.

Jeff A. Harmer, BA (Hons), Dip Ed, PhD, FAIM, was appointed Managing Director from 14 April 1998 until he retired on 10 March 2003. His term was due to expire on 13 April 2004. Dr Harmer was formerly Deputy Secretary of the Department of Social Security, Deputy Secretary of the Department of Housing and Regional Development and a First Assistant Secretary in the Department of Human Services and Health.

James S. Kelaher, BA, MBA, was appointed Acting Managing Director from 10 March 2003. Mr Kelaher has largely worked in finance and manufacturing, mostly in Sydney and Melbourne, with brief stays in the UK and Europe. Before his appointment to HIC Mr Kelaher assisted the Federal Government with restructuring and reforming the Australian Federal Police. Mr Kelaher is a Fellow of the Australian Society of CPA's and an Associate of the Australian Institute of Company Directors.

Ian R. Fletcher, BA, FAIM, MAICD, CMAHRI, JP, was appointed Commissioner on 1 September 2001. His term expired on 10 November 2002. Mr Fletcher is the Chief Executive Officer of the City of Kalgoorlie-Boulder, has 20 years experience in senior positions in Commonwealth, State and Territory Governments and has also run his own business consultancy firm. He has had considerable experience in the health sector and with eBusiness. Mr Fletcher is a Fellow of the Australian Institute of Management, associate Fellow of the Australian College of Health Service Executives, member of the Australian Institute of Company Directors, Local Government Managers Australia and the Institute of Public Administration Australia, and a chartered member of the Australian Human Resources Institute.

Jane Halton, BA (Hons), FAIM, PSM, was appointed Commissioner on 18 January 2002. Her term expires on 10 November 2006. Before her appointment in January 2002 as Secretary of the Department of Health and Ageing, Ms Halton was Executive Coordinator for the Department of the Prime Minister and Cabinet and was responsible for advising in all aspects of Commonwealth Government Social Policy. In addition, she was responsible for

the Office of the Status of Women and for advising the Minister Assisting the Prime Minister for the Status of Women. Previously, Ms Halton was National Program Manager (First Assistant Secretary) of the Australian Government's Aged and Community Care Program in the Department of Health and Aged Care with responsibilities for long term care. Ms Halton is a Fellow of the Australian Institute of Management.

Ron Harris, was appointed Commissioner on 1 September 2001. His term expired on 10 November 2002. Mr Harris has worked with his own information technology companies since 1980. He is Managing Director of Harris Technology which he founded in 1986, Managing Director of Liquorland Direct/Vintage Cellars Direct and a director of Quids Technology, a software company partly owned by Coles Myer. Mr Harris is also a director of Tanake Pty Ltd and Tanabo Pty Ltd, private investment companies specialising in property investment.

Colin R. Johns, OAM, AUA, FAIPM, was appointed Commissioner on 24 November 1998. His term expires on 24 November 2003. Mr Johns is a pharmacist and was Chairman of the Australian Community Pharmacy Authority until 30 June 2000. He was National President of the Pharmacy Guild of Australia from 1990 to 1994 and Director of Guild Commercial Ltd in 1999. Mr Johns is a Fellow of the Australian Institute of Pharmacy Management and a member of the Pharmaceutical Society of Australia.

F. Bryce M. Phillips, AO, MBBS, FAMA, was initially appointed Commissioner on 28 August 1996 and reappointed on 1 September 2001. His term expires on 30 August 2006. Dr Phillips is a general practitioner. He was President of the Australian Medical Association from 1988 to 1990 and is Deputy President of the Medical Practitioners' Board of Victoria. He is also a member of the Royal Australian College of General Practitioners.

Sally G. Warneford, BSc (Hons), PhD, was appointed Commissioner on 1 September 2001. Her current term expires 30 August 2006. Dr Warneford is currently an investment manager with Credit Suisse Asset Management. From 1998 to 2000, she was an industrial equities analyst with Merrill Lynch, covering the health care and biotechnology and chemicals sectors.

Jeff Whalan, BA, FAIM, FAICD, was appointed Commissioner on 15 August 2003. His term expires on 14 August 2008. Before his appointment as Managing Director of HIC, Mr Whalan was a Deputy Secretary in the Department of Prime Minister and Cabinet. He was responsible for advising the Prime Minister on social policy issues including health, ageing, immigration, Indigenous Australians, employment, education, income support and veteran's.

Mr Whalan has a background in health and social policy issues. He has led areas responsible for disability services, housing, income security, family services, mental health, rural health and health workforce issues. Mr Whalan is a member of the ACT advisory committee and a Fellow of the Australian Institute of Management. He is also a Fellow of the Australian Institute of Company Directors.

Committees

HIC's Board of Commissioners operates five standing governance committees:

- Audit Committee;
- Fraud and Service Audit Committee;
- Business Outcomes Committee;
- Human Resource Committee; and
- Remuneration Committee.

Audit Committee

Its broad objectives are to: ensure HIC meets its strategic objectives; promote accountability to the Minister, Parliament and the community; support measures to improve management performance and internal controls; oversee the Audit and Risk Assurance Services Branch function; and ensure effective liaison between senior management, internal audit and external audit functions. At 30 June 2003 the Committee had six members and met five times during 2002–03.

Audit Committee membership 2002–03

	Number of meetings eligible to attend	Number of meetings attended
Mr Colin Johns — Chair	5	5
Mr Peter Bunting	5	4
Mr Ron Harris	4	3
Dr Bryce Phillips	1	1

Fraud and Service Audit Committee

The Fraud and Service Audit Committee (FASAC) monitors and reviews the effectiveness of the Program Review Division's practices in preventing, detecting and investigating fraud and inappropriate practice by service providers and the public. At 30 June 2003 the Committee comprised six members. Committee meetings are held bimonthly and the Committee met five times during 2002–03.

FASAC membership 2002–03

	Number of meetings eligible to attend	Number of meetings attended
Dr Bryce Phillips — Chair	5	5
Mr Colin Johns	5	5
Mr Robert Collins	5	3
Dr Sally Warneford	5	3
Sr Maria Cunningham	1	1
Mr James Kelaheer	2	2
Dr Jeff Harmer	3	3

Business Outcomes Committee

The Business Outcomes Committee considers strategic issues relating to HIC's business activities and monitors its performance under the obligations of the Strategic Partnership Agreement with the Department of Health and Ageing. It also reviews business proposals and examines performance indicators to ensure overall continuous improvement in HIC's business outcomes. At 30 June 2003 the Committee comprised three members and it met once during 2002–03.

Business Outcomes Committee membership 2002–03

	Number of meetings eligible to attend	Number of meetings attended
Mr Peter Bunting — Chair	1	1
Mr Robert Collins	1	1
Mr Ron Harris	1	1

Human Resource Committee

The Human Resource Committee is responsible for ensuring HIC has in place human resource management approaches and practices that support the business objectives of the organisation. In addition, it reviews remuneration issues for senior executives, not including the Commissioners and Managing Director. At 30 June 2003 the Committee comprised three members and it met three times during 2002–03.

Human Resource Committee membership 2002–03

	Number of meetings eligible to attend	Number of meetings attended
Sr Maria Cunningham — Chair	3	3
Mr Ian Fletcher	1	1
Dr Jeff Harmer	3	3

Remuneration Committee

The Remuneration Committee is responsible for reviewing remuneration issues for the Managing Director. At 30 June 2003 the Committee comprised three members and met once during the year.

Remuneration Committee membership 2002-03

	Number of meetings eligible to attend	Number of meetings attended
Sr Maria Cunningham — Chair	4	4
Mr Peter Bunting — Chair	1	1
Dr Bryce Phillips	1	1

Reporting

HIC's Board of Commissioners receives regular reports covering all aspects of HIC's operations, including key issues and trends from management. At any time HIC's Board of Commissioners may request reports concerning any aspect of HIC operations.

Internal control framework

The Audit and Risk Assurance Services Branch provides assurance on HIC's corporate governance framework and internal control framework to HIC's Board of Commissioners through its Audit Committee. It examines and evaluates the adequacy, effectiveness, efficiency and economy of activities of HIC and its subsidiaries.

The Branch also evaluates and reports on the performance of management in maintaining HIC's strategic direction, achieving its operational objectives, and ensuring appropriate standards of probity and accountability. It promotes management's ownership of the control process and contributes to an institutional culture of accountability and integrity through ongoing risk management training and support.

The Audit Committee, as part of its oversight function, defines the Branch's responsibilities and approves its business plan. The work schedule is based on an assessment of possible audit topics ranked against relevant business risks to determine a scope and level of coverage sufficient to provide an appropriate level of assurance to HIC.

Business risks

HIC's Board of Commissioners, its committees and the executive management committees discuss business and financial risks applying to all HIC functions. Strategies to minimise economic risk and audit plans are integrated into all major HIC activities.

Ethical standards and Code of Conduct

The Code of Conduct contained in the Corporate Governance Charter sets out the principles that guide HIC's Commissioners in adopting the highest ethical and professional standards in carrying out their governance roles. All HIC employees sign the Code of Conduct, which includes specific reference to the secrecy provisions in the Health Insurance Commission Act.

Corporate governance information for HIC staff

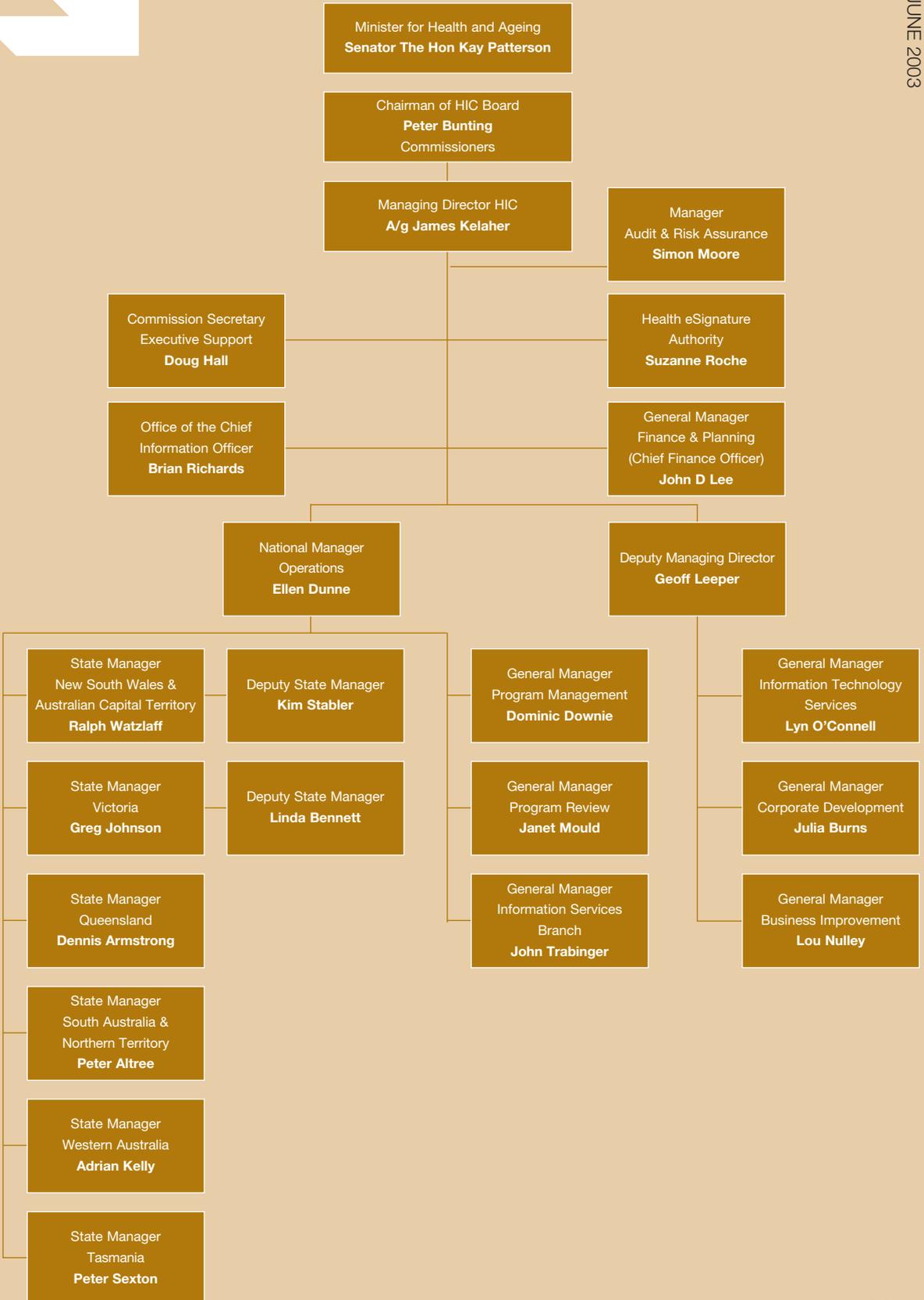
Information, including the Managing Director's instructions, finance policies, human resource management policies and audit policies/charters, are available on HIC's intranet to guide the day-to-day work of staff.

Management Committees

While HIC's Board of Commissioners set HIC's goals and considers strategies to achieve them, internal management structures manage the competing priorities of timely decision making and consideration of HIC's future vision and operating environment. During 2002–03, HIC operated three senior management committees, with two committees merging in September and the formation of a new committee in April.

Executive Planning Committee, which shared information, developed and reviewed the Strategic Plan. Meetings allow senior managers to discuss strategic issues including developments in the external environment. The Committee met three times and was chaired by the Managing Director. Members were: the Deputy Managing Director; the National Manager Operations; the Commission Secretary; the Chief Information Officer; the Chief Finance Officer; the Manager — Audit; all General Managers and all State Managers.

Output Review Committee, which monitored HIC's business performance during 2002–03 against a number of indicators including HIC's *Charter of Care*. The Committee also initiated enhancements to improve performance, discussed stakeholder issues relative to business performance and reported on revenue and expenditure issues. It met monthly and was



chaired by the Deputy Managing Director. Members were: all General Managers and State Managers; the Manager, — Associate Government Programs, the Manager — Medicare Program and the Manager — Pharmaceutical Benefits.

Business Change Board, which reviewed the performance of strategic projects, maintained a corporate timetable for all projects, and examined project delivery, risk, schedule and budget performance. The Committee met monthly and was chaired by the Executive General Manager — Business Improvement. All General Managers, the Director — Project Office and a State Manager attended each meeting.

Business Management Committee, established in September and combined the functions of both the Output Review Committee and the Business Change Board. The Committee met monthly and was chaired by the Managing Director. Members were: the Deputy Managing Director; the National Manager Operations; the Commission Secretary; all General Managers; all State Managers; the Manager — Audit; and the Chief Finance Officer.

Organisational structure

HIC has a decentralised organisation and structure, which includes a National Office in Canberra, a headquarters in each State capital, a number of processing centres and a Medicare office network throughout Australia.

HIC's organisational structure at 30 June 2003 is detailed on page 41. The functions of each HIC division, which are based at the National Office, are outlined below.

HIC's divisions

Executive Support aims to provide high quality legal, parliamentary, secretariat and other services to HIC's, Board of Commissioners, HIC Senior Executive, Minister and Parliament.

Business Improvement Program Division is responsible for the planning, design and implementation of new capabilities that will enable HIC to deliver its services and products through the internet. In particular, the Division has been established to progress HIC's Strategic Plan and eBusiness strategy through the implementation of major components of its IT and business architectures. The business architecture describes how HIC will be organised to deliver services in the future and achieve the objectives of the Strategic Plan. The IT architecture provides the infrastructure and technical capabilities required to deliver these business requirements.

Program Management Division manages Medicare, the Pharmaceutical Benefits Scheme and other health and allied programs administered by HIC. It monitors performance of each program, develops administrative policy and undertakes business development for existing programs and proposed Australian Government initiatives.

Finance and Planning Division supports the achievement of HIC's strategic direction by providing high quality financial management, business planning, project management and procurement services to the whole organisation.

Corporate Development Division supports HIC's line areas achieve their business goals by delivering human resource strategies and corporate services. In line with HIC's Strategic Plan, the Division has a strong focus on achieving and maintaining a high performing culture and developing a workforce planning framework to ensure HIC's people have the right skills in the right locations at the right time.

The Office of the Chief Information Officer implements information management strategies that leverage HIC's technical, intellectual and strategic assets to improve health outcomes. The Chief Information Officer is responsible for promoting HIC's reputation as a responsible information manager, and providing advice to the Managing Director, Commissioners and Senior Executives on developing HIC's role within the health sector.

Information Technology Services Division provides and manages information technology services including system applications, and works closely with all areas to get the best out of HIC internal and contracted IT resources.

Program Review Division is responsible for ensuring the integrity of programs administered by HIC through the prevention, detection and investigation of fraud and abuse.

State Offices

These cater for Australia's highly dispersed population. State Managers administer the operations of Medicare offices, processing centres, telephone enquiry lines and customer service areas, and each State Office is responsible for day-to-day operational activities.

HIC's staff

HIC staff are employed under the Health Insurance Commission Act.

As at 30 June 2003, HIC employed 4706 staff, an increase of 235 staff or 5.25 per cent since 30 June 2002. Of these, 1014 were employed as part-time staff and 268 as temporary staff. The significant proportion of part-time staff, 21.5 per cent, ensures HIC can maintain high standards of customer service during peak hours.

Of all staff employed at 30 June 2003, 3761 or 80 per cent were female. Staff are located across Australia, at National Office in Canberra, each of the State Offices, several processing centres and 226 Medicare offices.

Performance Support Program

HIC's Performance Support Program (PSP) is part of HIC's business planning framework. For the first time, in 2002–03, team leaders and managers were required to apply a four point rating scale as part of the assessment process.

At 30 June 2003, 4004 (86%) of staff had signed Performance Support Agreements (PSAs).

In December 2002, HIC engaged Results Consulting to conduct a qualitative PSA audit. One hundred PSAs were included in the audit, the purpose which was to gauge the quality of PSAs developed and the extent to which they were linked to business plans. Overall, the Audit indicated a good quality of PSAs. Their strengths were that performance goals and performance measures were closely linked to the employee's work, and learning and development needs were also strongly tied to work performance needs.

As agreed in HIC's *(Business Improvement) Certified Agreement 2001–2003*, the PSP was evaluated jointly with the Community and Public Sector Union to assess its application. MOZ Consulting undertook the evaluation which commenced in February 2003 and concluded in April 2003. Overall, the evaluation report observed that HIC has been successful in its introduction of the PSP. Recommendations focused on continuous improvement.

In 2003–04, HIC will begin implementing recommendations arising out of both the PSA audit and the joint evaluation of the PSP.

To ensure all staff continue to be trained in applying the PSP, ongoing training is being provided to new managers and staff, including refresher training for all managers.

Property management

United KFPW Pty Limited provided HIC with property and lease management services under contract to 30 June 2003. During 2002–03, HIC reviewed the management of its property function and, as a result, has decided to manage a range of property functions internally while retaining professional assistance for lease administration, lease management and maintenance help desk services. These changes will be introduced from July 2003.

All services provided by external organisations have been subject to an open tender process.

During the year HIC continued its leasehold improvement program for Medicare offices, with 13 offices being refurbished and 16 offices relocated.

Learning and development

To ensure HIC's learning and development environment fully meets current and future HIC strategic requirements, a learning and development review took place in February 2002. Its outcomes have guided the direction of national learning and development activity within HIC in 2002–03.

In response to the review there has been the:

- appointment of a National Learning and Development Manager;
- alignment of the structure of Learning and Development nationally to reflect the model recommended; and
- development of the Learning and development strategy 2003–2006.

The focus of the Learning and Development Strategy, which was developed after significant internal consultation, is to set future directions and strategic priorities for HIC learning and skill development until 2006. The consultative process was supported by a national analysis of aggregated learning and development needs arising from individuals' Performance Support Agreements.

Key priority areas identified in the Learning and development strategy 2003–2006, are:

- transition from management to leadership;
- supporting performance through the development of identified key capabilities (core skills);
- customer service skills to exceed customer expectations; and
- supporting business improvement and change related activities.

Leadership for change strategy — under the key priority area of 'Transition from management to leadership', the Leadership for change strategy was launched in 2003. It is underpinned by five initiatives for specific target groups that will be progressively rolled out. Each initiative provides a range of learning and development opportunities for individuals in the target groups — Top Team, Senior Executive, Senior Manager, Middle Manager and Front Line Managers. HIC's values, the leadership capability framework, the PSP process and implementation of the cascading coaching model form the basis of each initiative.

360 degree feedback — during 2002-03 HIC extended the 360 degree feedback process to include Senior Management in National and State Offices. This builds on the success of the implementation of 360 degree feedback with HIC's Senior Executive group in 2001–02.

Leadership for Frontline Managers — following a successful pilot program in 2001–02, HIC introduced the Frontline Manager support service coaching initiative to improve the skills and knowledge of Frontline Managers.

Based on the National Frontline Management competencies, this initiative provides one-on-one coaching for Frontline Managers. The initiative also involves participation in accredited

frontline management at either the Certificate IV or Diploma level. During 2002–03, 155 managers participated in this formal training.

eLearning — to support HIC learning and development activities, HIC has included implementation of eLearning and a Learning management system into its Learning and development strategy. This forms part of the Learning and Development Infrastructure component of the strategy. Implementation and consolidation of this initiative will be a major focus in 2003–04.

During 2002–03 eLearning trials were conducted with a range of commercial ‘off-the-shelf’ eLearning packages. Selection and implementation of the Learning management system will take place in 2003–04.

Core skills — as part of HIC’s commitment to the development of staff, the national Performance Support Agreement analysis, conducted as part of the development of the *Learning and Development Strategy 2003–2006*, resulted in targeted core skill programs being run nationally. At 30 June a high proportion of identified learning needs have either already been addressed or planned for the near future. Areas addressed as a priority included project management, PC skills, time management and interpersonal skills. Nationally, key operational skills have also been addressed, with significant training in areas such as pathology understanding and interpretation.

Customer Service Officer (CSO) program — the CSO program is a graduated, competency-based program allowing for the development and assessment of skills within customer service roles. It has undergone a review, and a project is underway to initiate both short and longer-term changes that will give it a more contemporary focus. The National operations manual for CSOs is currently being rewritten.

Employment framework

Certified Agreement In January 2003 HIC commenced negotiations with staff and the Community and Public Sector Union to establish a new Certified Agreement for when the current one expires. These have focused on:

- maintaining and enhancing a strong performance-based culture — this includes enhancing the PSP, gaining a further reduction in absenteeism and introducing a staff innovation scheme;
- supporting the business improvement process — through a revised classification structure, job rotation flexibility and ability to utilise agency staff; and
- further streamlining and simplifying conditions of employment — rationalisation of overtime, single leave entitlement for fixed term employees, streamlining part-time work clauses, standardising personal leave for part-time staff in line with full-time staff and reducing the minimum amount of long service leave that can be taken to seven days.

A revised Human resource delegations’ instrument will take into account changes reflected in the new Certified agreement and revised HIC terms and conditions, and will also incorporate changes suggested through the evaluation of the devolution of delegations process. It will take effect from the date the new Certified Agreement is certified.

The Certified Agreement negotiations are expected to be finalised early in 2003–04.

Australian Workplace Agreements All HIC Senior Executives and Medical Advisers are covered by Australian Workplace Agreements (AWAs). Negotiations are underway with HIC to revise these. HIC also continues to use AWAs for Senior Managers below the executive level to promote flexibility and performance and, where necessary, to address attraction and retention issues.

Classification structure HIC is introducing a rationalised classification structure and associated work level standards as part of the current Certified Agreement negotiations. The proposed structure will reflect the needs of the organisation throughout the business improvement process. The adoption of organisation-specific work level standards will describe the type and level of work performed in HIC, and establish the basis for classifying jobs and distinguishing between work levels.

Attendance management HIC's 2001–2003 Certified Agreement provided for a bonus of 0.5% of salary contingent upon HIC achieving a reduction in unscheduled absenteeism from an average of 12.7 to 12 days per annum to the end of May 2003. HIC was able to meet this target with the actual level of absenteeism being reduced to 10.96 days. The achievement bonus was paid to all staff covered by the Certified Agreement on 3 July 2003.

HIC is continuing to give the reduction of unscheduled absenteeism a high priority and as part of the 2003–2005 Certified Agreement, is intending to link other pay increases and bonuses to further reductions in absenteeism.

During 2002–03, HIC initiatives to further reduce absenteeism levels included strategies aimed at raising awareness of attendance issues with staff and managers such as:

- conducting absence management workshops and briefings for Managers and Team Leaders;
- producing a range of educational material for staff and Managers; and
- encouraging Managers and Team leaders to use available statistical information on absenteeism.

In addition, improved recruitment and induction processes have been introduced and high users of unscheduled leave have been identified.

Equity and diversity

HIC's annual report on equity and diversity to the Minister for Health and Ageing for the 2001–02 reporting period was submitted to the Minister in September 2002. It noted significant achievements including:

- continued implementation and monitoring of the Indigenous recruitment and retention strategy, aimed at increasing the number of Indigenous staff employed in HIC and retaining these staff for a period of at least five years;
- high level of attendance at training aimed at raising awareness about equity and diversity principles; and
- identification and analysis of customer profiles and using Australian Bureau of Statistics census data to better inform communication and other strategies aimed at engaging HIC customers.

In November 2002, a meeting of HIC's Indigenous staff network was held in Canberra to give Indigenous staff the opportunity to review progress under the Indigenous recruitment and retention strategy and develop an action plan for future activities.

Safety management

HIC has continued to maintain a strong emphasis on the effective management of work-related injuries and illness, with a particular focus on high cost claims. HIC continues to pursue a reduction in claim numbers and costs.

In 2002–03, the focus on occupational health and safety (OHS) and claims management has been assisted through the engagement of external consultants (SRC Solutions), who have provided professional and skilled resources in injury prevention and management. In addition, the National OHS Sub-Committee met on a regular basis to discuss issues of national significance in relation to OHS matters. State OHS Committees also met regularly to discuss OHS issues of relevance to their area.

Measures implemented to ensure the health and safety of HIC employees, contractors and third parties accessing HIC workplaces included:

- review of HIC's OHS policy and agreement, in consultation with the CPSU;
- development of an online accident/incident report form;
- development of the following OHS policies and guidance notes:
 - First aid policy;
 - Home based work policy;
 - Safe use of laptop computers;
 - Duty of care relating to contractors and consultants;
 - Visitor information;
 - development of the OHS Strategic Plan; and
 - implementation of a nationally consistent hazard identification, risk assessment and risk control process.

The statutory report required under section 74 of the *Occupational Health and Safety (Commonwealth Employment) Act 1991* is included in the statutory reports at Appendix A on page 170.

Staff survey

The HIC Staff survey is an effective, transparent and powerful way of obtaining the views of staff across the organisation. Staff surveys have been conducted in HIC since 1990 to identify areas of high performance and areas for improvement. The survey measures staff perceptions, attitudes, concerns and areas of satisfaction across a range of key organisational topics.

The 2003 survey was held on 13 March, with 3,884 staff participating, representing a response rate of 94%. The staff satisfaction key performance indicator (KPI) derived from the Staff survey indicates that 72% of staff are satisfied with HIC overall. This compares well when benchmarked with approximately 150 organisations across the public and private sector that form part of a benchmarking network. In all categories benchmarked, HIC continues to maintain its position within the top quartile of the benchmarking group.

People Plan

The People Plan is an ongoing initiative addressing the impact on people and the workforce of planning requirements resulting from HIC's business changes. The first People Plan was released in March 2002. It, and subsequent updates, aim to provide clear information to staff on the changes they will experience as a result of the Business Improvement program and other new business initiatives. HIC will release new versions of the plan as change unfolds.

An update of the People Plan was released in August 2002, and a further update was released in May 2003. The August 2002 update covered the main business improvement changes across HIC, whereas the May 2003 update focused on HIC's contact centres (previously known as processing and call centres). It identified the intended number and

location of these centres in the medium to longer-term and described the future structure and working arrangements of each one. The update also outlined future working arrangements for Medicare offices and the PBS transition timeline.

It is anticipated that future releases of the People Plan will address, among other things, updates about the emerging contact centres, arrangements for Medicare offices and the National Office, learning and development requirements associated with changes, and staff support initiatives.

Consultancy services engaged by HIC

HIC engaged a diverse range of consultants during 2002–03 to undertake consultancy work for which a total of \$11,663,091 was paid.

Consultants are engaged where HIC does not have sufficient specialist expertise available or where an independent assessment is considered desirable. The types of consultancies cover quantitative and qualitative research, strategic policy related advice, information gathering and analysis, attitude surveys, public relations advice (including the development and testing of promotional campaigns), business improvement initiatives and the development of staff training materials to improve customer service.

Consultants paid \$10,000 or more during 2002–03 are listed in Appendix E on page 179.

Stakeholder Advisory Committee

The Stakeholder Advisory Committee is the peak stakeholder consultation forum, where matters of a strategic nature impacting HIC are discussed. The forum provides an opportunity for key stakeholder groups to influence HIC's activities and agenda at a strategic level.

The Stakeholder Advisory Committee influences the agenda of the subordinate committees: the Pharmacists' Communication Group, the Doctors' Communication Group and the Consumer Communication Group. The Stakeholder Advisory Committee meets approximately quarterly with the communication groups meeting as issues arise, usually biannually. The purpose of the subordinate committees is to engage with a specialist stakeholder set on issues germane to that group.

Membership of the Stakeholder Committees includes peak body and individual representatives from:

- consumers;
- providers;
- IT industry;
- government;
- private health insurer groups; and
- HIC.

Tenure of membership is two years.

HIC service charter

HIC's service charter, the *Charter of Care*, was launched in June 1999 following extensive consultation with customers, health care providers, stakeholders, government agencies and staff.

The *Charter of Care* describes:

- HIC's current obligations and standards of service;
- benchmarks against which HIC's service performance can be measured;
- how customers can access HIC's services;
- customer rights and responsibilities; and
- complaints handling procedures.

Service Charter brochures are available at any Medicare office or by contacting the Medicare customer enquiry number 132 011*. Brochures can also be viewed at HIC's website, www.hic.gov.au or by sending a request via email to hic.info@hic.gov.au

*Local call rates. Normal mobile and public phone charges apply.

As a customer-focused organisation committed to continuous improvement, HIC monitors and evaluates its services against its *Charter of Care* standards on a regular basis. Regular monitoring of service levels and receipt of customer feedback helps HIC to identify problems, implement improvement strategies, develop skilled and customer-focused staff and reinforce HIC's commitment to high external and internal customer service standards.

Key *Charter of Care* activities undertaken in 2002–03 include:

- ensuring national complaints handling procedures are in line with Australian Standard AS4269-1995;
- holding regular management meetings where performance against *Charter of Care* standards are discussed and reviewed;
- reporting *Charter of Care* standards within the monthly Executive business report to HIC's Board of Commissioners;
- reviewing the public and provider service charter brochures to ensure they remain relevant to customer needs and in line with HIC's strategic direction;
- updating and reprinting the public and provider service charter brochures;
- commencing customisation of a new customer feedback system that will incorporate work flow management and improve reporting capabilities; and
- ensuring national induction procedures continue to emphasise the importance of the *Charter of Care*.

See Appendix F on page 183 for a report on performance against the Charter of Care standards.

Responding to Australia's culturally diverse society and people with disabilities

Under its *Charter of Care*, HIC makes a commitment to be responsive to all customer needs. In particular, this means being sensitive to and ensuring flexible and easy access to our services for a diverse range of consumers including people with disabilities, Indigenous people and people from culturally diverse backgrounds.

Actions include strengthening employees' knowledge and awareness of equity and diversity principles through the compulsory National equity and diversity training program which is also a mandatory goal in Senior Executive Performance Support Agreements. This reflects corporate commitment to equity and diversity principles and ensures senior managers are accountable and can ensure staff and projects reflect these principles.

Improving access for Indigenous people

HIC developed and implemented a national communications strategy for Indigenous Australians and their health service providers. It aims to improve access to Medicare, the PBS and other relevant programs for Aboriginal and Torres Strait Islander people and their health service providers and was developed in consultation with the National Aboriginal Community Controlled Health Organisations (NACCHO) and the Department of Health and Ageing, with the support of an Indigenous communications consultant.

Channels of communication include HIC publications, direct mail, press inserts, radio, a program of visitations by HIC liaison officers for Indigenous access, a dedicated 1800 hotline number, a word-of-mouth campaign within Indigenous communities, promotional activities and strategic sponsorship of community events. Strategy materials were developed in direct consultation with the community and market tested across Australia.

Key components of the communication strategy included:

- *Well & Good*, an Indigenous focused magazine, featuring stories about HIC's programs, major health problems, personalities and communities;
- a promotional poster;
- a toolkit for Indigenous health workers to support the educational activities of HIC's Liaison Officers for Indigenous access in their visits to Indigenous health service providers;
- health worker information sheets and consumer fliers containing key messages about Medicare, the PBS and the Australian Childhood Immunisation Register;
- a series of English and traditional language radio announcements;
- Indigenous specific information on HIC's website; and
- development of a CD music compilation disc for distribution to Aboriginal Health Services and a youth focused multimedia/IT strategy.

The communication strategy was the winner of the highly regarded international Dalton Pen Award for communication innovation and excellence. It is ongoing with planned further growth and development.

Cross cultural awareness training is provided to Customer Service and Liaison Officers for Indigenous access, and it is HIC's aim that all staff will undertake this training. It provides participants with an appreciation and understanding of Indigenous culture, history, and communication differences and protocols. In turn, it enables staff to effectively deliver services to Indigenous customers in a culturally appropriate manner.

The Indigenous recruitment and retention program to increase Indigenous Australians' representation in HIC continues to grow and develop. The annual Indigenous network workshop identified areas of need and support with positive outcomes including increased communication between the network members using email contact.

Liaison Officers for Indigenous access and Medicare office staff have continued the provision of outreach services to Indigenous Australians and their health service providers.

Detailed policy and access information is contained in the relevant program area sections below.

Improving access for new arrivals and residents from culturally and linguistically diverse backgrounds

HIC works in partnership with the Department of Immigration and Multicultural and Indigenous Affairs to make Medicare enrolment for new arrivals easier by using information supplied electronically by the Department as part of the process. Staff also work closely with migrant resource centres and volunteer groups to provide new arrivals with information regarding Medicare requirements.

HIC's *Welcome Kit* for newly arrived immigrants includes information about Medicare, Pharmaceutical Benefits Scheme, Immunisation, the Australian Organ Donation Register, the Family Assistance Office and HIC's *Charter of Care*. It also contains information relevant to longer term residents and is available in English and 16 other languages from the Department of Immigration and Multicultural and Indigenous Affairs overseas posts, migrant resource centres, Medicare offices and HIC's website. Plans to make the *Welcome Kit* available in audio format will enable people with vision difficulties or low literacy skills to also access the information. A promotional leaflet has been widely distributed to promote the *Welcome Kit*.

As a positive reflection on HIC's dedication to customer service, a language selector has been included on the front page of HIC's website providing easy access to the range of translated information. Recently developed translated language gateway pages have been added to the website to guide access to the general translated information. The introduction of these pages also allows for effective international search engine registration.

At 30 June 2003, 60 HIC employees throughout the State network were formally recognised (through the payment of an allowance) for using their cultural or linguistic skills to provide interpreter services to customers.

HIC is a member of the interdepartmental committee on multicultural affairs and reports annually to the Department of Immigration and Multicultural and Indigenous Affairs regarding HIC activities under the *Charter of Public Service in a Culturally Diverse Society*.

Contact details for the Translating Interpreting Service (TIS) are included on all communication material to ensure all people have access to information on HIC's programs and services.

HIC also promotes its services to people from different cultural and language backgrounds in key publications such as *Australian Mosaic* and a range of ethnic print and radio media.

Improving access for people with disabilities

HIC continues to respond to the Commonwealth Disability Strategy with a range of activities that are guided by the principles of equity, inclusion, participation, access and accountability.

For example, the consumer health magazine, *Your Health Matters*, has the following features to make it more accessible for people with a vision impairment:

- **Contrast** — uses mainly black type on white or yellow paper. When text is printed over tints the background colour is very pale;
- **Type size** — 14 pt is used throughout the magazine, reflecting research that indicates a significant number of blind and partially sighted people can read large print;
- **Type weight** — medium to bold type weights are used to provide good contrast.
- **Font type** — standard sans serif font is used, which is easy to read;
- **Paper stock** — stock chosen is matt and has minimum show-through; and
- **Other considerations** — adequate space is left between paragraphs, layouts are simple and clear, e.g. text is not placed around illustrations.

Some HIC information is available in alternative formats in audio and braille and HIC has begun a program to expand availability into large print and easy English.

HIC continues to provide high quality disability access to HIC's website and is committed to ongoing review and implementation of accessibility for people who are blind or vision impaired.

HIC promotes its services to people with disabilities through publications such as *Link* magazine, the Telephone Typewriter (TTY) directory and the Australian captions journal.

Contact details for HIC's Telephone Typewriter (TTY) number are included on all communication material to ensure all people have access to information on HIC's programs and services.

Physical access issues are incorporated as a component of any agreed 'scope of works' concerning fit-out and refurbishment of HIC premises. Sit down counters and low writing slopes are available in all Medicare offices for customers and additional seating has been provided in waiting areas for disabled or elderly customers. Automatic doors have also been installed.

In addition to specific research projects, key components are included in the annual customer service and satisfaction research in relation to people from culturally and linguistically diverse backgrounds, Indigenous Australians and people with disabilities and their health service providers.

HIC telephone enquiry service

HIC manages 68 incoming telephone enquiry lines, which cover most of the programs it administers. There were approximately 10.5 million calls made to these lines during the financial year. Eleven enquiry lines are available 24 hours a day, seven days a week, while the remainder are available during normal business hours.

Calls are answered by customer service staff with the exception of an interactive voice response system for optometrists to check dates of services.

Over 4.4 million telephone calls were handled by the PBS authority approval line.

See Appendix G on page 188 for a report on the telephone enquiry service.

Contact details for accessing HIC are listed in Appendix H on page 189 and at www.hic.gov.au

