

Queensland Health Renewal Taskforce

Terms of Reference

Purpose

To assist Queensland Health to become the most efficient provider of quality health services in the nation

Outcome

A more streamlined, efficient, effective and service-focused Queensland Health

Roles and responsibilities

The Queensland Health Renewal Taskforce will work with the System Manager and the seventeen (17) statutory Hospital and Health Services to:

- conduct allocative efficiency reviews and drive internal efficiencies to improve the financial performance and service delivery of Queensland Health
- implement ongoing structural and systems realignment and reform to improve accountability, transparency and maximise productivity in frontline service delivery
- introduce contestability to ensure value for money in the delivery of health care services to the public
- realign capital works and procurement systems and methods to ensure appropriate planning and value for money in health care service delivery
- reform industrial relations and human resource management practices to improve workforce flexibility and drive a high performance culture
- undertake a review of grant processes to ensure value for money outcomes are achieved, and
- support Queensland Health in its transition to a more contemporary, sustainable and service-oriented organisation.

Accountability

The Queensland Health Renewal Taskforce is accountable to The Honorable Lawrence Springborg MP, Minister for Health.

The Taskforce reports to Government and the Public Sector Renewal Board.

Ministerial Health Infrastructure Advisory Council

Terms of Reference

1. Purpose

The purpose of the Ministerial Health Infrastructure Advisory Council (MHIAC) is to drive innovation and achieve better value for money in the delivery of health infrastructure in Queensland. MHIAC will promote an 'open door culture' and serve as a portal to review and promote new opportunities for infrastructure investment in Queensland.

All opportunities (proposals) from the private and non-government sectors (project proponents) will be given uniform and robust assessment by MHIAC before it provides advice to the Minister for Health (the Minister).

2. Authority

MHIAC members were appointed directly by the Minister for a term of twelve months. MHIAC is responsible to the Minister and serves in an advisory capacity only.

3. Functions

The function of MHIAC is to:

- review strategic infrastructure concepts and proposals from the private and public sectors
- undertake rigorous and consistent assessment of health infrastructure strategies, business opportunities, innovations and solutions
- critically analyse all material that is provided for review
- contest historical thinking on public health infrastructure wherever possible to the benefit of Queensland
- access and apply any appropriate learnings from international and national best practice
- bring their experience and skill from their specialist areas to provide the best outcome for the people of Queensland and acknowledge that at times this may not align with their corporate interests
- prepare impartial advice to the Minister on how best to achieve the most effective and efficient development and maintenance of health infrastructure
- make recommendations to the Minister.

4. Roles and responsibilities

MHIAC Chair

The MHIAC Chair is the lead representative for MHIAC and is charged with providing leadership for MHIAC members and ensuring MHIAC and its members comply with the Terms of Reference (this document). The Chair is responsible for chairing MHIAC meetings and calling for out-of-session deliberations and in setting the agenda in collaboration with the Secretariat. The Chair is also expected to participate in any review of MHIAC functions.

In the event that the Chair declares a conflict of interest in any matter before MHIAC and leaves the meeting, members present will elect one of MHIAC to act in the position of Chair for that part of the meeting until the Chair is able to return.

MHIAC Members

MHIAC members are expected to:

- contribute to the provision of advice and guidance to the Minister
- provide an apology via the secretariat if unable to attend a meeting
- reply to emails and other requests for advice within the requested time frames
- maintain confidentiality at all times.

Working Groups

At the discretion of the Chair and as required, MHIAC may form working groups within the Council in order to expedite MHIAC business. Working Groups must report to the Chair and record their deliberations for MHIAC.

Observers

Nominated officers from the Department of Health will attend meetings of MHIAC as permanent observers. Their role is to provide advice and support to MHIAC in order to assist members in their deliberations. Observers have no voting entitlements.

Probity Advisor

An independent Probity Advisor appointed by the Queensland Department of Health will attend all meetings and advise members/observers on probity matters in line with MHIAC's Probity Plan.

Secretariat

Secretariat support is provided through the Office of Health Statutory Agencies. The responsibilities of the Secretariat are not limited to the organisation and support of MHIAC proceedings; they extend to the adherence to requirements in the *Public Records Act 2002* for information and records to be kept secure and confidential.

5. Reporting

MHIAC provides the following reports/updates:

Recipient	Report	Frequency	Responsibility
Minister for Health	Progress Report	Quarterly	Chairman, MHIAC
Minister for Health	Strategic Advice	As required	Chairman, MHIAC

MHIAC receives reports from:

Report	Description / Type	Frequency	Responsibility
Strategic Health Infrastructure Program Update	High Level Status Report	Quarterly	Chief Health Infrastructure Officer
Briefings	New business opportunities, concepts and proposals	As required	Deputy Director-General Chief Health Infrastructure Officer

6. Membership

Chair:

Mr Gunther De Graeve, Managing Director, Destraavis Group

Members:

Mr Damien Frawley, Chief Executive, Queensland Investment Corporation

Mr Grant Galvin, Executive Director, Master Builders' Association

Ms Kathy MacDermott, Executive Director, Property Council of Australia

Mr Ian McEwan, General Manager, Engineers Australia

Mr David Parken, CEO, Australian Institute of Architects

Dr Christian Rowan, Deputy Chief Medical Officer (Ethics & Research), Uniting Care Health

Mr Paul Woodhouse, Chair, North West Hospital and Health Board

Permanent observers:

Department Liaison Executive, Office of the Minister for Health

Deputy Director-General, System Support Services

Chief Health Infrastructure Officer, Health Infrastructure Branch

Chief Executive, Health Renewal Portfolio Office

Director, Health Renewal Taskforce

Mr Lindsey Alford, Probity Advisor, Argus Probity Advisors and Auditors

7. Other participants

No proxies or delegates are permitted to attend meetings or participate in any advisory processes of MHIAC.

With approval from the Chair, representatives of Queensland Government departments and other stakeholder groups may be invited to attend meetings. Invitees' participation in meetings must be advisory only and at the discretion of the Chair.

8. Quorum

A quorum will be five members including the Chair.

Voting: Only appointed members to MHIAC may vote in any proceedings by MHIAC. Permanent observers may not vote on any matter. No invitees may be present or take part in any vote by MHIAC.

9. Out-of-session papers

Any urgent matters which cannot be deferred until to the next meeting may be progressed out-of-session within probity guidelines. Out-of-session papers will be sent to members via individual health email accounts set up for this purpose. For a resolution to be approved, the majority of members must indicate their endorsement by the response date.

10. Performance

MHIAC will be reviewed after a period of 12 months from inception by the Minister for Health based on the following indicators:

- Progress and completion of key actions outlined in MHIAC's Strategic Action Plan
- Ability of MHIAC to successfully advise the Minister on strategic infrastructure concepts
- Ability of MHIAC to successfully promote better aligned infrastructure concepts to meet the service needs of Hospital and Health Services.

11. Probity

Everyone involved with MHIAC is to receive a probity induction and to complete the necessary forms declaring their conflicts of interest that will be filed with the Secretariat.

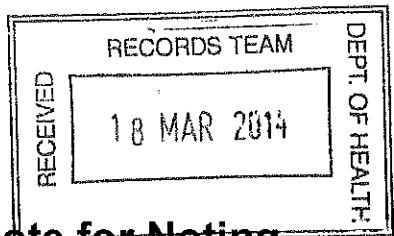
12. Meeting schedule

Meetings of MHIAC will occur each calendar month as per an agreed schedule. Members may meet by electronic means (Videoconference / Teleconference). A quorum must be met for a meeting by any means to proceed.

Document History:

Version	Date	Changed by	Nature of Amendment
0.1	10/10/2013	Todd Carroll	First Draft
0.2	17/10/2013	Todd Carroll/Glenn Rashleigh	Revision
0.3	18/12/2013	Anna Herwig/Glenn Rashleigh	Update of Dr Chris Rowan title and Director-General added as permanent observer.
			Endorsed by Cabinet subject to ongoing review by MHIAC.
0.4	6/1/2014	Marilyn Bell	Edit document, updated observers – removal of Director-General and inclusion of Departmental Liaison Executive.
0.5	20/04/2014	Sandra Macdonald	ToR updated following 12 March MHIAC meeting with comments from Paul Woodhouse, adding two functions.
0.6	08/05/2014	Sandra Macdonald	ToR revised to include reference to probity processes adopted by MHIAC. Circulated to MHIAC for discussion and review.
0.7	10/05/2014	Sandra Macdonald	Section on roles and responsibilities added. New arrangements for management of out-of-session papers added.
0.8	21/05/2014	Sandra Macdonald	Feedback from the Chair and Paul Woodhouse incorporated, relating to out-of-session papers, roles and performance.
1.0	11/06/2014	MHIAC Secretariat c/- OHSA	Endorsed by MHIAC members.

CONF



28/1/14

Q008/024194

Department RecFind No:	BRO58374
Division/HHS:	QHRT
File Ref No:	

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Briefing Note for Noting
Director-General

Requested by: SDLO

Action required by: 24 January 2014

SUBJECT: Advice from Queensland Health Renewal Taskforce (QHRT) – Central Queensland Hospital and Service (CQHHS) Aged Care Services

Proposal

That the Director-General:

Note the advice from the Queensland Health Renewal Taskforce (QHRT) that:

- external expertise be engaged by Central Queensland Hospital and Health Service (CQHHS) as a matter of urgency to assist in the development of an alternative, high quality tender strategy for the sale of Government Residential Aged Care Facilities (GRACF) and Community Aged Care Packages in CQHHS to a non-government provider
- within 90 days the CQHHS advise DoH of their new tender strategy including their market re-engagement process, proposed timelines and communication strategy.

Provide this brief to the Minister for information.

Urgency

- Urgent** - It is critical that an alternative tender strategy be developed and implemented as soon as possible for the sale of Government Residential Aged Care Facilities (GRACF) and Community Aged Care Packages in CQHHS to a non-government provider. The previous tender process, which commenced over a year ago has been protracted, was unsuccessful and has resulted in CQHHS Aged Care staff facing employment uncertainty and frustration with the workforce experiencing high absenteeism, turnover and low morale which has led to severe disruption in providing quality aged care services to residents in CQHHS.

Headline Issues

- The top issues are:
 - Protracted tender process for the sale of GRACF in CQHHS has been unsuccessful.
 - There is employment uncertainty and frustration for staff, low moral and diminished quality of aged care services to residents.
 - An alternative tender strategy needs to be developed and implemented urgently and without further delay.

Blueprint

- How does this align with the Blueprint for Better Healthcare in Queensland?
 - Health services focussed on patients and people
 - Providing Queenslanders with value in health services

Key issues

- The Director-General, DoH has sought advice from QHRT on the attached Brief dated 21 January 2014 - *Central Queensland Hospital and Service (CQHHS) Aged Care Services* proposing that a new tender strategy be developed to enable CQHHS to move out of the provision of aged care services.
- It is noted that the previous tender process which commenced over 12 months ago, is outside the department's Contestability framework which commenced in March 2013. The QHRT was aware of the previous tender process.
- While it was unfortunate the tender process was unsuccessful, it is now critical that a new, alternative tender strategy be developed and implemented as soon as possible.

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- ✓ 7. The QHRT suggests that external expertise be engaged by CQHHS as a matter of priority to assist in the development of an alternative, new tender strategy to increase the likelihood of securing a successful outcome this time.
8. In addition QHRT suggest that within ~~90~~⁶⁰ days the CQHHS advise DoH of their new tender strategy including their market re-engagement process, proposed timelines and communication strategy.

Background

10. The tender process for the sale of Government Residential Aged Care Facilities (GRACF) and Community Aged Care Packages to a non-government provider has not been successful following a protracted process extending over the last 12 months.
11. This has resulted in CQHHS Aged Care staff facing employment uncertainty, frustration with high absenteeism and workforce turnover and low staff morale which in turn, has led to severe disruptions in providing quality aged care services to residents in CQHHS.

Attachments

12. Brief dated 21 January 2014 - *Central Queensland Hospital and Service (CQHHS) Aged Care Services*

RTI Released

Department RecFind No:	BRO58374
Division/HHS:	QHRT
File Ref No:	

Recommendation

That the Director-General:

Note the advice from the Queensland Health Renewal Taskforce (QHRT) that:

- external expertise be engaged by Central Queensland Hospital and Health Service (CQHHS) as a matter of urgency to assist in the development of an alternative, high quality tender strategy for the sale of Government Residential Aged Care Facilities (GRACF) and Community Aged Care Packages in CQHHS to a non-government provider *60.*
- within 90 days the CQHHS advise DoH of their new tender strategy including their market re-engagement process, proposed timelines and communication strategy.

Provide this brief to the Minister for information.

APPROVED/NOT APPROVED

NOTED

Jan Maynard
 IAN MAYNARD
 Director-General

78 JAN 2014

To Minister's Office For Noting

Director-General's comments

① 60 days for CQHHS to confirm new tender strategy.
 ② QHRT to work with CQHHS to ensure that new process builds on outcomes/learnings from

Author
 Jeff Loof

Cleared by:
 Judi Hutchison

Content verified by:
 Bill Brett

Executive Director

Director, Aged Care and Capital Works Planning

Chief Executive

Queensland Health Renewal Taskforce

Queensland Health Renewal Taskforce

Queensland Health Renewal Taskforce

[Redacted Signature]

24 January 2014

[Redacted Signature]

24 January 2014

[Redacted Signature]

24 January 2014



Department RecFind No:	BRO58374
Division/HHS:	QHRT
File Ref No:	

Briefing Note for Noting

The Honourable Lawrence Springborg MP
Minister for Health



Requested by: SDLO

Action required by: 24 January 2014

SUBJECT: Advice from Queensland Health Renewal Taskforce (QHRT) – Central Queensland Hospital and Service (CQHHS) Aged Care Services

Recommendation

That the Minister:

Note the advice from the Queensland Health Renewal Taskforce (QHRT) that:

- external expertise be engaged by Central Queensland Hospital and Health Service (CQHHS) as a matter of urgency to assist in the development of an alternative, high quality tender strategy for the sale of Government Residential Aged Care Facilities (GRACF) and Community Aged Care Packages in CQHHS to a non-government provider
- within 90 days the CQHHS advise DoH of their new tender strategy including their market re-engagement process, proposed timelines and communication strategy.

APPROVED/NOT APPROVED

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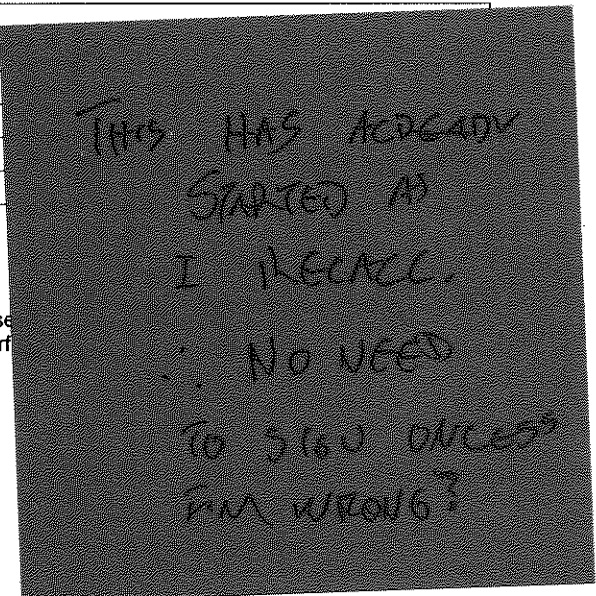
LAWRENCE SPRINGBORG
Minister for Health

Chief of Staff

Minister's comments

Briefing note rating

1 2 3 4
1 = (poorly written, little value, and unclear why brief was submitted). 5 = (concise
Please Note: All ratings will be recorded and will be used to inform executive performance)

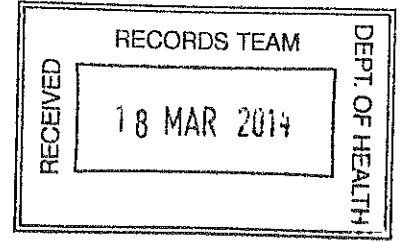


BR058374

EXECSUPPORT

DOE-23/1/14

From: Sdlo
Sent: Wednesday, 22 January 2014 10:38 AM
To: Bill Brett
Cc: EXECSUPPORT
Subject: BR058369 - CQ HHS Aged Care Services
Attachments: 20140122104420585.pdf



Hi Bill,

As discussed with Michael, please see attached briefing note with Michael's comments:

"I would be grateful if we could seek urgent advice from QHRT in relation to this matter and their assessment of the process, assessment and proposed approach. The timeframe will be important to consider given the need to brief on this matter."

I believe Michael asked you directly for a "covering" brief for this. Given the comments above, I will put a due date of COB tomorrow, Thursday 23 January.

I'm also unaware of a generic email/corro account for your area, so apologies for sending this direct to you.

Thank you,

Jessica Martin

Director
Departmental Liaison and Executive Support Unit Office of the Director-General 19th Floor, QHB Department of Health

Ph: 07 [redacted]

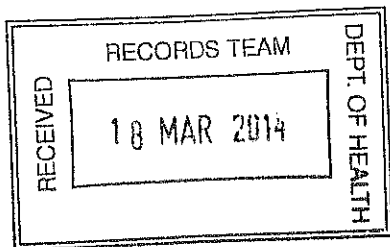
Fax: 07 3234 1482

Mob: [redacted]

RTI Release

Q&D Health
Renewal Taskforce -
Betty Collins

[redacted]



21 JAN 2014

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Department RecFind No:	BR058369
Division/HHS:	Central Qld HHS
File Ref No:	

Briefing Note for Noting

Director-General

Requested by: Chief Executive, Central Queensland Hospital & Health Service

Action required by: 22 January 2014

SUBJECT: Central Queensland Hospital and Health Service (CQHHS) Aged Care Services

Proposal

That the Director-General:

Note that the protracted tender process for the sale of Government Residential Aged Care Facilities (GRACF) and Community Aged Care Packages to a non-Government provider has not been successful.

Note that the tender process will now be reviewed and a new strategy developed that will allow Central Queensland Hospital and Health Services (CQHHS) to move out of the provision of aged care service.

Provide this brief to the Minister for information.

Urgency

1. **Urgent** - CQHHS staff will be advised of this issue tomorrow, 22 January 2014.

Headline Issues

2. The top issues are:

- The final offer from Carinity (formerly Baptist Care) for the purchase of the North Rockhampton Nursing Centre (NRNC) and Eventide Home Rockhampton (EH) and the provision of Aged Care Community Packages in Rockhampton has been rejected by the CQHH Board.
- CQHHS is committed to optimising the provision of hospital and hospital-related services and will develop a new strategy to allow the delivery of aged care services in Rockhampton by an alternative provider.
- The development and implementation of a new strategy will be progressed as a matter of urgency.

Blueprint

3. How does this align with the Blueprint for Better Healthcare in Queensland?
 - Health services focused on patients and people.
 - Providing Queenslanders with value in health services.

Key issues

4. Since this process started more than a year ago, CQHHS Aged Care staff have faced employment uncertainty, or have been waiting for the opportunity of a Voluntary Redundancy. Rejection of the tender offer will increase uncertainty and frustration.
5. This uncertainty has led to resignations, excessive sick leave and recruitment issues at the facility, increasing the reliance on nursing agency staff to maintain service provision.
6. The CQHHS Chief Executive, members of the Executive Management Team and senior Aged Care staff will meet with residents on 22 January 2014 to provide an update on the process. Residents and their families, all CQHHS staff and local MPs will also receive updated information.

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Division/HHS:	Central Qld HHS
File Ref No:	

Background

7. Expressions of Interest for alternative providers of Aged Care Services closed on 27 February 2013.
8. Nine respondents entered an expression of interest. One respondent who submitted a late application was advised, in accordance with the Evaluation Plan that 'An EOI response not received before the specified closing time will not ordinarily be admitted for consideration'.
9. Short listing of the applicants resulted in a pool of four aged care providers being invited to submit and Invitation to Offer (ITO). Three of these providers did not proceed with the ITO, resulting in only one provider proceeding to a full submission by Request for Binding Bid (RFBB).
10. Residential places and community packages.
11. The number of expressions dwindled to one, the conditions of which were not acceptable.

Consultation

12. Consultation is ongoing with staff, residents and their families and the Central Queensland community.
13. Community stakeholders include Regional Mayors and State and Federal Members of Parliament.
14. There is ongoing dialogue with the Department of Health Renewal Taskforce.

Attachments

15. Nil

RTI Released

Department RecFind No:	BR058369
Division/HHS:	Central Qld HHS
File Ref No:	

Recommendation

That the Director-General:

Note that the protracted tender process for the sale of Government Residential Aged Care Facilities (GRACF) and Community Aged Care Packages to a non-Government provider has not been successful.

Note that the tender process will now be reviewed and a new strategy developed that will allow Central Queensland Hospital and Health Services (CQHHS) to move out of the provision of aged care service.

Provide this brief to the Minister for information.

APPROVED/NOT APPROVED




NOTED

IAN MAYNARD
Director-General

/ /

To Minister's Office For Noting

Director-General's comments

Author Michael Rutherford	Cleared by: (SD/Dir) Rod Boddice	Content verified by: (CEO/DDG/Div Head) Len Richards
Manager Marketing and Communication	Chief Operations Officer	Chief Executive
CQHHS 	CQHHS 	CQHHS 
21 January 2014	21 January 2014	21 January 2014

22-1-2014

I would be grateful if we could seek urgent advice from BERT KJ REIDON TO THIS MATTER AND THEIR ASSESSMENT OF THE PROCESS, ASSESSMENT AND PROPOSED APPROACH.

THE TIMEFRAME WILL BE IMPORTANT TO CONSIDER GIVEN THE NEED TO BRIEF ON THIS MATTER.

Michael [Signature]
#100

Department RecFind No:	BR058369
Division/HHS:	Central Qld HHS
File Ref No:	

Briefing Note for Noting
The Honourable Lawrence Springborg MP
Minister for Health

Requested by: Chief Executive, Central
Queensland Hospital & Health Service

Action required by: 22 January 2014

SUBJECT: Central Queensland Hospital and Health Service (CQHHS) Aged Care Services

Recommendation

That the Minister:

Note that the protracted tender process for the sale of Government Residential Aged Care Facilities (GRACF) and Community Aged Care Packages to a non-Government provider has not been successful.

Note that the tender process will now be reviewed and a new strategy developed that will allow Central Queensland Hospital and Health Services (CQHHS) to move out of the provision of aged care service.

APPROVED/NOT APPROVED

NOTED

NOTED

LAWRENCE SPRINGBORG
Minister for Health

Chief of Staff

Minister's comments

Briefing note rating

1 2 3 4 5

1 = (poorly written, little value, and unclear why brief was submitted), 5 = (concise, key points are explained well, makes sense)
Please Note: All ratings will be recorded and will be used to inform executive performance.



Department RecFind No:	BR056333
Division/HHS:	SPP Division
File Ref No:	

Briefing Note for Approval
 The Honourable Lawrence Springborg MP
 Minister for Health



Requested by: Deputy Director General, System Policy and Performance Division Date requested: 7 March 2013 Action required by: 13 May 2013

SUBJECT: Hospital Foundations Review Report

Recommendation

That the Minister:

Note the report of the Hospital Foundations Review (Report) by the Queensland Health Renewal Taskforce provided as Attachment 1.

Approve the discussion paper provided as Attachment 2 as the basis for consultation with Hospital and Health Services and Hospital Foundations and other relevant stakeholders.

Note the reports recommendations.

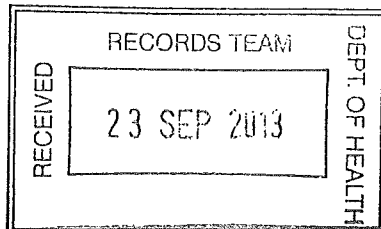
Note the Minister may wish to personally write to Foundations indicating this is a preliminary consultation to inform Government's thinking in relation to a preferred option and as such it would not be appropriate for Foundations to communicate with their broader stakeholders at this point.

Note the Taskforce report recommends that:

- HHS Boards could establish foundations as a Company Limited by Guarantee under corporations law, with the Minister and/or HHS board as members, or as charitable trusts under trust deeds; and
- consideration be given to amalgamation of foundations into a single statewide foundation; within a HHS; and/or joint control by more than one HHS of a foundation, to provide funds to health facilities controlled by those HHS Boards.
- The attached discussion paper has been drafted to provide the basis for consultation with Hospital and Health Boards and hospital foundations on options for the organisational structure of hospital foundations with reference to the Taskforce Report.

APPROVED/NOT APPROVED NOTED NOTED

LAWRENCE SPRINGBORG
 Minister for Health



Chief of Staff

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Minister's comments

- PLS NOTE OPTIONS PAPER COMMENTS & INCORPORATE INTO A REVISION PAPER.
- PLS WORK WITH GLETT HEYWOOD & HIS TEAM ON REVISION VERSION IF NEEDED.

Department RecFind No:	BR056333
Division/HHS:	SPP Division
File Ref No:	

URGENT

Briefing Note for Approval

Director-General

Requested by: Deputy Director General, System Policy and Performance Division Date requested: 7 March 2013

Action required by: 13 May 2013

SUBJECT: Hospital Foundations Review Report

Proposal

That the Director-General:

Note the report of the Hospital Foundations Review (Report) by the Queensland Health Renewal Taskforce (QHRT) provided as Attachment 1.

Provide this brief to the Minister to:

Note the Report's recommendations.

Approve the Options Paper provided (Attachment 2) as the basis for consultation with Hospital and Health Services, Hospital Foundations and other relevant stakeholders.

Urgency

1. **Urgent** – the Office of the Minister for Health has requested that the Office of Health Statutory Agencies (OHSA) work with the QHRT to prepare an options paper for consultation with Hospital and Health Boards (HHB) and hospital foundations.

Headline Issues

2. The top issues are:
 - HHBs and hospital foundations were not consulted in relation to the QHRT Report.
 - Minister met with hospital foundation chief executive officers and Chairs on 27 March 2013 and agreed to consult with hospital foundations on a review of their organisational structure.
 - Draft Options Paper has been prepared outlining alternative structures for hospital foundations as the basis for consultation.

Key Values

3. The key values that apply are the following:

- Better service for patients
- Better healthcare in the community
- Valuing our employees and empowering frontline staff
- Empowering local communities with a greater say over their hospital and local health services
- Value for money for taxpayers
- Openness

Key issues

4. The key recommendations of the Review Report were that the *Hospital Foundations Act 1982* be repealed and that Hospital and Health Services (HHS) be empowered to establish their own foundations as Trusts or as Companies Limited by Guarantee.
5. The Department identified a number of implementation issues arising from the recommendations and sought legal advice in relation to these. Issues include:

s.73 - Irrelevant matter (legal advice)

s.73 - Irrelevant matter (legal advice)

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File Ref No:	

s.73 - Irrelevant matter (legal advice)

s.73 - Irrelevant matter (legal advice)

6. An Options Paper has been drafted to seek the views of HHBs and hospital foundations in relation to alternative organisational forms for hospital foundations. The Department of Premier and Cabinet or Queensland Treasury have not been consulted on the options at this time.
7. It is envisaged that Cabinet approval would be sought to undertake a public consultation process following a decision by the Minister for Health on the preferred option for the future structure of hospital foundations.
8. It is proposed that this options paper will be provided to hospital foundations and Hospital and Health Service Chairs and Chief Executives, as well as a limited number of internal stakeholders for written comment by 28 June 2013. OHSA will also arrange meetings with hospital foundations, HHS and other stakeholders to discuss the issues and options presented in the paper. These meetings will either be in person or by teleconference.
9. The Minister may wish to personally write to Foundations indicating this is a preliminary consultation to inform Government's thinking in relation to a preferred option and as such it would not be appropriate for Foundations to communicate with their broader stakeholders at this point.

Background

10. In 2009, the Independent Review of Queensland Government Boards, Committees and Statutory Authorities, Webbe-Weller Review, identified a number of inefficiencies in the legislative framework for hospital foundations and issues including the lack of Ministerial powers under the Act to remove a member or to direct an investigation into a complaint.
11. In 2009-2010, the Department of Health consulted with foundations on alternative governance models and ways to improve the Act (Attachment 3).
12. The Department of Health's Executive Management Team (EMT) has noted the Hospital Foundations Review Report and endorsed that it be provided to the MBRC for further consideration.

Consultation

13. The Regulatory Instruments Unit provided advice in relation to the legislative implications of the Report's recommendations.
14. The Legal Unit provided legal advice in relation to the implementation issues raised above.

Financial implications

15. There are potentially significant financial and resourcing implications for HHS in relation to establishing new foundations as Trusts or Companies Limited by Guarantee.
16. The data included in the attached discussion paper has been sourced from the financial statements included in the annual reports for each of the 13 hospital foundations in Queensland.

Legal implications

17. Repeal of the *Hospital Foundations Act 1982* and amendment of the *Hospital and Health Boards Act 2011* to allow HHS to establish foundations as Trusts or Companies Limited by Guarantee, and ensure alignment with existing Whole-of-Government financial legislation, would require significant legislative work and would need to be accommodated within the Minister's existing legislative program.

Attachments

18. Attachment 1: Hospital Foundations Review report, Queensland Health Renewal Taskforce
- Attachment 2: Hospital Foundations Review: An Options Paper
- Attachment 3: (Previous) Consultation Paper – Review of the *Hospitals Foundations Act 1982*

Department RecFind No:	BR056333
Division/HHS:	SPP Division
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Recommendation

That the Director-General:

Note the report of the Hospital Foundations Review (Report) by the Queensland Health Renewal Taskforce provided as Attachment 1.

Provide this brief to the Minister to:

Note the Report's recommendations.

Approve the discussion paper provided as Attachment 2 as the basis for consultation with Hospital and Health Services and Hospital Foundations and other relevant stakeholders.

APPROVED/NOT APPROVED



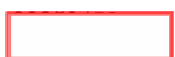

NOTED


DR TONY O'CONNELL
 Director-General

1415113

To Minister's Office for Approval
 for Noting

Director-General's comments

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7 March 2013 2 May 2013	7 March 2013 6 May 2013	12 March 2013 7 May 2013	12 March 2013 8 May 2013

Hospital Foundations Review:

An Options Paper

May 2013

RTI Released

Comments & Submissions

This options paper raises issues about the organisational structure for the hospital foundations established under the *Hospital Foundations Act 1982*, which can be read in full by accessing the Office of Queensland Parliamentary Counsel website, www.legislation.qld.gov.au.

The issues raised in this options paper do not represent Government policy. This options paper is intended to provide a basis for consultation on future options for hospital foundations in Queensland and to seek the views of Hospital and Health Services, hospital foundations and other interested stakeholders.

The closing date for receipt of submissions is [date].

Submissions should be made to:

Hospital Foundations Review

Office of Health Statutory Agencies

Department of Health

GPO Box 48

BRISBANE QLD 4001

Email:

statutoryagencies@health.qld.gov.au

Ph: (07) 32341600

This Options Paper may also be accessed on the Internet at:
www.health.qld.gov.au/ohsa/html/foundations.asp

Feedback on this options paper

In providing feedback, you may wish to consider responding to the following key questions.

Questions:

- Which of the structures outlined in this paper offers the greatest benefit in terms of:
 - Returns to hospitals/health services
 - Relevant medical research
 - The potential revenue from donations and other sources
 - Efficiency, value for money
 - Reduced regulation

Please send your feedback to statutoryagencies@health.qld.gov.au by [date].

Executive Summary

Hospital foundations in Queensland have delivered a number of benefits including raising funds for improving health services and providing a means for local communities to support their local hospital.

Hospital Foundations are established under the *Hospital Foundations Act 1982* (the Act). The Act provides a scheme for the establishment of foundations as bodies corporate, and also governs many aspects of their operations including functions, objectives, powers, constitution, meetings, financial matters, dissolutions, winding up, mergers and other matters.

Since 1982, there have been significant changes to the landscape in which hospital foundations operate. These include the establishment of Hospital and Health Services as independent statutory bodies, and the establishment of the Australian Charities and Not-for-profit Commission as national regulator for charity and not-for-profit sector organisations including hospital foundations.

In other jurisdictions organisations that have the same purpose as hospital foundations use a range of organisational structures including charitable trusts and companies limited by guarantee, rather than specific legislation.

The findings of the 2009 report 'Brokering Balance: A Public Interest Map for Queensland Government Bodies, - An Independent Review of Queensland Government Boards, Committees and Statutory Authorities (Webbe/Weller Review), as well as recent issues raised in relation to the accountability and governance of hospital foundations in Queensland, indicate that it is timely to review options for the future structure of these organisations.

This paper examines the advantages and disadvantages of linking the objects of foundations to individual hospitals (the status quo); to Hospital and Health Services (HHS); or to specific health issues or conditions.

There are a range of organisational structures that could support these linkages, each with different strengths and weaknesses.

The paper poses some key questions in the context of a review of hospital foundations in Queensland. The aim of the review is to seek feedback on:

- the core purpose or objects of hospital foundations; and
- the best organisational structure to support their intended purpose.

Options for Hospital Foundations

1. Introduction

There are 13 hospital foundations in Queensland, which have been established at various times over the past 30 years in response to requests from local community members. Hospital foundations in Queensland provide significant support for local hospitals through fundraising and providing grants for equipment, research, staff travel and professional development and the provision of facilities to support patients, staff and the community.

Queensland is the only jurisdiction where hospital foundations are established under a specific Act of Parliament. In other States foundations are established under State association incorporation laws, as companies limited by guarantee under corporations' law or as Charitable Trusts.

The environment in which hospital foundations operate has recently changed with the establishment of Hospital and Health Services (HHS) as independent statutory bodies to give greater local control over the management and delivery of public health services.

Changes in the Regulatory Environment of Hospital Foundations

The recently established Australian Charities and Not-for-profit Commission (ACNC) is the national regulator responsible for registering charities in order for them to access tax concessions from the Australian Tax Office and various concessions or exemptions from other Australian Government agencies.

All hospital foundations in Queensland were automatically registered as charities with the ACNC from 3 December 2012 and will be subject to regulation by the ACNC. Once registered, charities have ongoing obligations including reporting, record keeping and compliance with governance standards from 1 July 2013. Registered charities will also be required to provide financial information in an Annual Information Statement to the ACNC and to have their financial reports audited.

The Queensland Government is committed to streamlining bureaucracy and reducing the transaction costs of red tape. The aim is to ensure that the regulatory requirements on organisations including hospital foundations do not duplicate or add to the requirements imposed by the Commonwealth or other regulators. The review is being undertaken in this context.

The Commonwealth Government has also recently released an exposure draft of the *Charities Bill 2013* for public consultation. The Bill is intended to provide greater clarity for charities, the public and regulators in determining whether an entity is charitable and also to improve the sector's understanding of, and its access to, charitable tax concessions.

While the statutory definition is not intended to affect the taxation treatment of charities it may have implications for hospital foundations in Queensland in relation to tax concessions for commercial activities. Any potential change to the organisational structure of foundations recommended as a result of this review will need to consider the impact on their charitable status for taxation purposes.

Review of the Hospital Foundations Act 1982

The "Brokering Balance: A Public Interest Map for Queensland Government Bodies: An Independent Review of Queensland Government Boards, Committees and Statutory Authorities" (the Webbe/Weller Review) acknowledged the value of hospital foundations and that they had a "history of success for the betterment of health services". However, it

also stated that the requirement to have board members appointed by the Governor in Council was an expensive administrative process and could also cause delays in filling vacancies.

The Webbe/Weller review posed the following question in relation to hospital foundations: should the Queensland Government undertake these fundraising activities that are locally run, successful, volunteer fundraisers supplementing government funded services?

The report considered that foundations did not meet this threshold test and recommended that hospital foundations move to an independent non-government charitable organisation model which:

- would preserve the value of local branding and fundraising achievements;
- uphold good governance and accountability to key stakeholders (donors, patients, local community and the associated hospital);
- has a clear charter of roles and responsibilities; but
- does not need the overlay of government bureaucracy.

In light of the Webbe/Weller Review, the Department of Health consulted in 2010 with foundations on alternative governance models and ways to improve the Act, with the aim of:

- reducing unnecessary bureaucracy;
- providing the Minister with greater powers to direct a foundation in the public interest;
- strengthening foundations' governance and accountability; and
- modernising and streamlining the legislation.

Recent issues relating to governance in some hospital foundations, including suspected financial mismanagement, and unmanaged conflicts of interest, have raised concerns in relation to the Minister for Health's power under the current Act to intervene following the receipt of a complaint about the actions of a foundation, its members or employees. The Minister also has limited power to request an investigation of the activities of a foundation or to issue a direction to a foundation in the public interest.

The State Government's focus on reducing the burden of regulation also indicates consideration needs to be given to alternative organisational structures for hospital foundations.

Changes to the Health Service Delivery Environment in Queensland

Implementation of health reform in Queensland has seen the establishment of HHS as independent statutory bodies, and devolution of responsibility for the management of public health services to the local level.

This reorganisation includes the reform of support functions related to HHS. It is timely for hospital foundations to be examined in the context of the most appropriate structure to support the identified priorities of relevant HHSs.

2. Object/purpose of the foundations

The Minister for Health has recently stated that the core role of the Queensland hospital foundations is to act as not for profit charitable organisations supporting public health services. In this context, it is important that the goals and objectives of hospital foundations are clearly aligned with the objectives of the Hospital and Health Services.

The objects for hospital foundations could be linked to any of the following:

- Individual hospitals – this represents the current arrangement (with the exception of Children's Health Foundation Queensland, which has a statewide focus) where individual hospitals are able to target funds provided by hospital foundations to priority areas. The disadvantage of this model is that other health services within a HHS may not receive any benefit from the hospital foundations.
- HHSs – the key benefit of this arrangement is that funds raised by hospital foundations can be directed towards the priorities identified by a HHS for health services within their catchment area. This potentially offers benefits to more health services within a geographic area.
- Health issues/conditions – this linkage would enable funds raised to be directed towards health service priorities across the state for the treatment/prevention of particular health conditions. However, a disadvantage with this approach is that there are already a number of charitable organisations which are successful in raising funds for particular health conditions (for example, the Asthma Foundation), which these foundations may then be in direct competition with for donor funds.

The current objects of foundations, which are lengthy, are listed at section 13 of the Act (Appendix 1). The 2011 review of the Act proposed that the objects should be consolidated to focus on acquiring, managing and applying property to:

- Improve and support any health service, including by purchasing equipment or improving health facilities at an associated hospital;
- Provide financial support to hospital employees to pursue education or professional development activities relating to improving health services; *Some other funding sources have been identified*
- Provide financial support to hospital employees to undertake research into health and medical research; and
- Do anything else that is likely to build a healthier community including preventative health programs.

Two issues raised during the consultation about the functions of hospital foundations in 2011 were:

- whether foundations should pursue their functions in a manner that is aligned with local health service priorities and whether the Act should expressly state that in performing its functions, a hospital foundation must have regard to local health service priorities; and
- whether the functions should refer specifically to fundraising, as this is the principal activity of most foundations. Currently, section 15(1)(a) confers power on a hospital foundation to "to raise money by way of public appeals for subscriptions or contributions".

If a decision is made to retain the Act, there is potential to streamline the objects to reflect these core purposes. The objects should also assist foundations to obtain necessary Deductible Gift Recipient status with the Australian Tax Office.

If a decision is made to establish hospital foundations as non-government bodies, the constitution of a company limited by guarantee could reflect the objects (under s125 of the *Corporations Act 2001*), and for trusts, the objects would be set out in the trust deed.

3. Hospital Foundation revenue, costs and disbursements

Hospital foundations have a number of revenue streams including fund raising, commercial activities and investments. If their intended purpose is as outlined in the previous section (to raise funds to support their associated hospitals and health services), then it should follow that the maximum amount of available funds should be directed towards the priorities identified by the relevant Hospital and Health Service, as the organisation responsible for managing and delivering local public health services.

In Queensland, the State provides support for hospital foundations in the form of in-kind resources (through the use of public hospital infrastructure such as office space, management of coffee shops and car parks on hospital grounds) and occasional small grants.

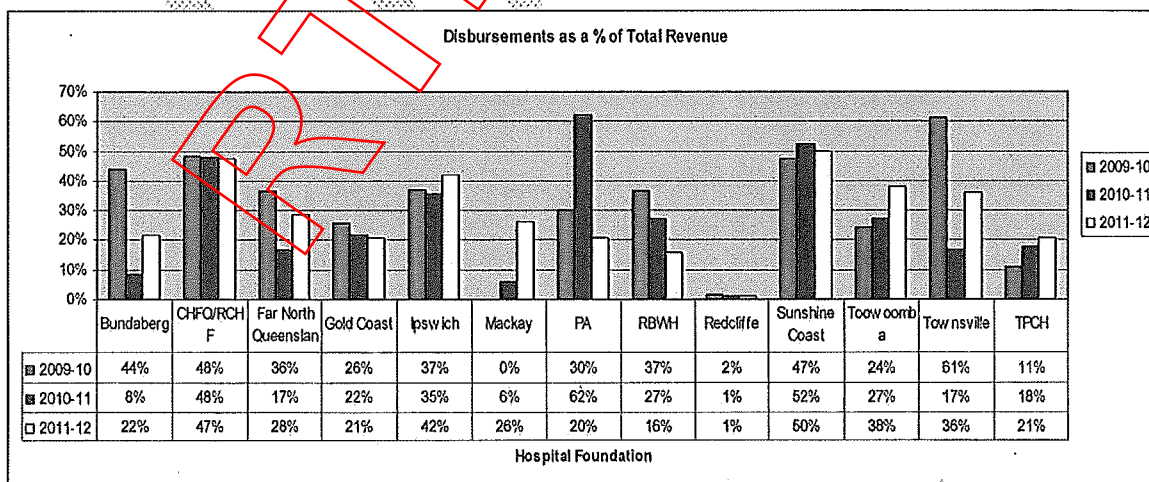
Six hospital foundations are responsible for the operation of hospital car parks; five operate cafes or food outlets on their hospital campuses; and five operate other business activities such as television hire schemes. However, the true costs of using these hospital assets are not fully accounted for or disclosed in the financial statements for hospital foundations.

All other revenue is raised by hospital foundations from charitable donations, investments and other income.

The introduction of the Australian Government's charities legislation and the possible treatment of "unrelated business activity" by charities for income tax purposes could significantly impact on the commercial activities currently undertaken by hospital foundations. This will not be known until the legislation is enacted later in 2013.

Table 1 shows the disbursement of funds by hospital foundations as a percentage of the total revenue raised for each of the three years to 2011-2012. The table shows Redcliffe Hospital Foundation has dispersed the lowest level of funding to their associated hospital services (around 2%) over the past three years, while the Children's Health Foundation Queensland (CHFQ) and Sunshine Coast Health Service Foundation achieved a consistent disbursement rate of around 50% of total revenue towards supporting their associated hospitals. A number of regional hospital foundations have shown significant increases in 2011-2012 in disbursement of funds relative to the previous year.

Table 1: Disbursements as a percentage of total hospital foundation revenue 2009-10 to 2011-2012



Should be the business of the commercial activities they put out to tender. If the individual foundation can tender if they wish. Don't it in the best interests of the public to maximise net return?

? Proposed capacity to pay commercial activities?

A preliminary analysis of data from hospital foundations' financial statements for the three years to 2011-2012 has been undertaken to identify the foundations' operating costs relative to the total revenue raised through fundraising and commercial activities. Table 2 shows the hospital foundations with the highest costs attributed to generating commercial revenue for the 2011-2012 year were Mackay, Bundaberg, and The Prince Charles Hospital (TPCH).

Table 2 shows that costs related to commercial activities represent a greater proportion of the revenue generated through these activities, compared to the costs associated with fundraising and the revenue generated through those activities (see Table 4). However, the financial statements of hospital foundations do not clearly identify all costs associated with these separate activities (i.e. cost of fundraising, cost of goods/services sold).

Table 2: Costs relating to commercial activities as a percentage of commercial revenue

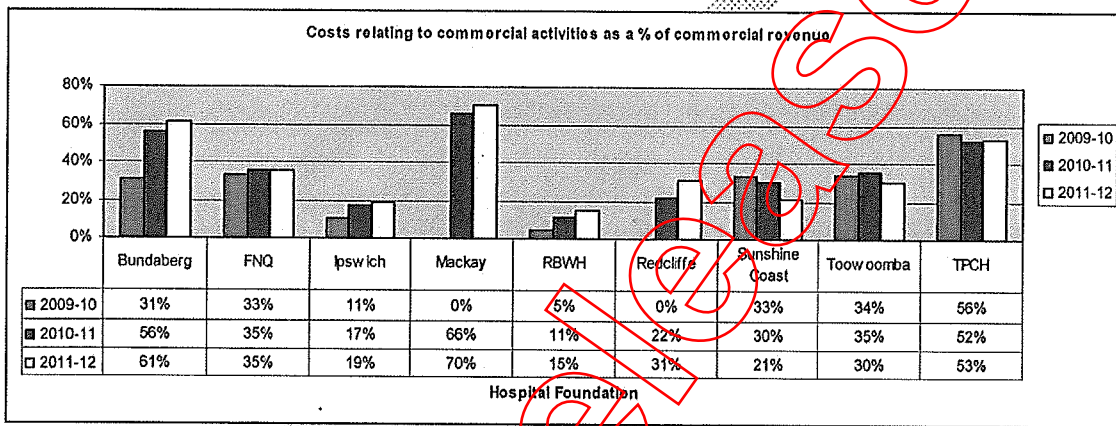


Table 3 shows that the revenue from commercial activities represents a significant proportion of total revenue for Ipswich (62%), Far North Queensland (61%), Toowoomba (56%) and Mackay (57%) foundations for the 2011-2012 year.

Table 3: Commercial revenue as a percentage of total revenue

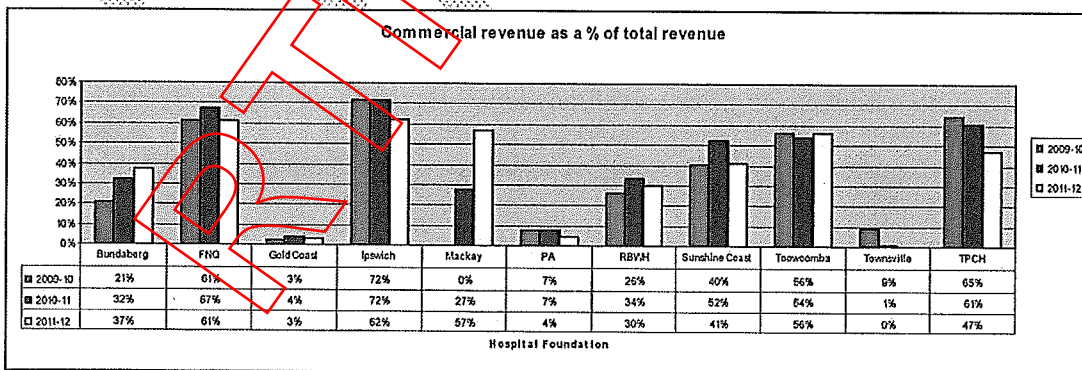
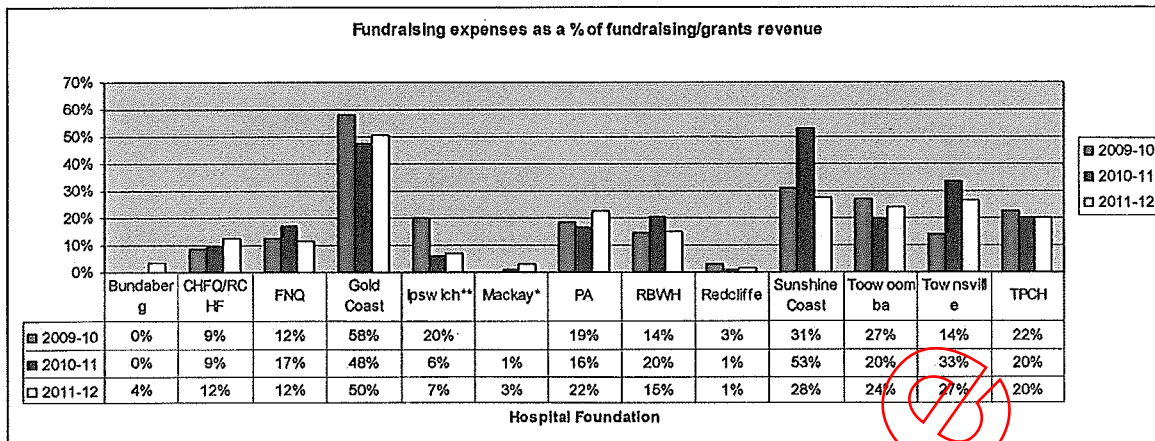


Table 4 shows the hospital foundations with the highest reported fundraising expenses as a percentage of fundraising and grants revenue in 2011-2012 were the Gold Coast, Sunshine Coast, Townsville and Toowoomba.

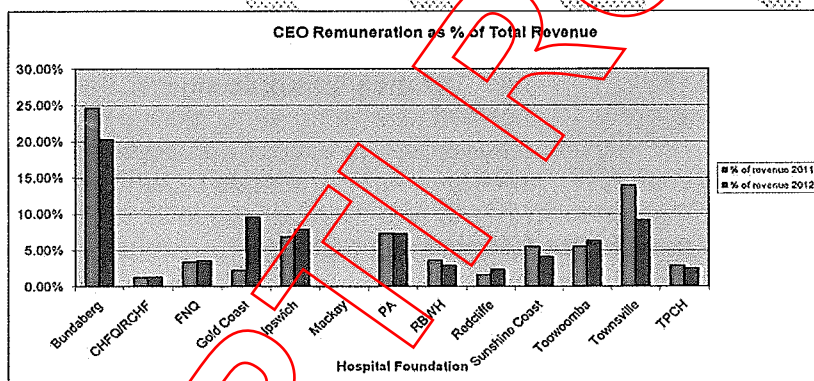
Table 4: Fundraising expenses as a percentage of fundraising/grants revenue. Note: this data includes advertising/promotional expenses.



While the available data indicate that the ratio of costs to revenue may reflect inefficiencies both within and between hospital foundations, these variations require further analysis to determine the factors which contribute to these differences.

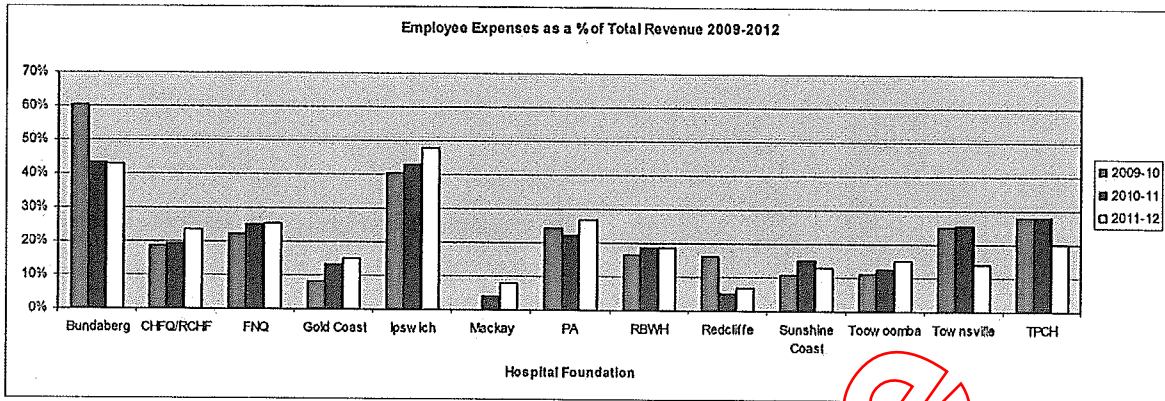
Tables 5(a) and 5(b) show the fixed costs associated with Chief Executive Officers and all staff employed by hospital foundations as a proportion of the total revenue received. This data reflects the relative size of each hospital foundation, and their capacity to raise revenue from a range of sources.

Table 5(a): CEO remuneration as a percentage of total revenue. Note: this information was not required in financial statements prior to 2010-2011.



Note: No data was available for the Mackay Hospital Foundation.

Table 5(b): Employee expenses as a percentage of total revenue 2009-2010 to 2011-2012



Note: Mackay Hospital Foundation did not commence operations until the 2010-2011 financial year.

4. Options for Hospital Foundation Organisational Structures:

The following options include both government and non-government options for the organisational structure of hospital foundations.

a. Government options

i. Retain a Hospital Foundations Act with current foundations

This option represents the status quo subject to a full review of the Act taking the amendments proposed below into account and incorporating more contemporary drafting to streamline the structure of the Act.

There are currently 13 hospital foundations in Queensland, established under the Act which provides very broad functions, objects and powers under which foundations can operate. The members of foundations are appointed by the Governor in Council and receive no remuneration for their role.

Consultation by the Department of Health with hospital foundations in 2010 highlighted the need for the following amendments:

- Consolidating the description of the foundations' objects.
- Clarifying the description of foundations' powers and providing greater clarity on those powers which require Ministerial approval.
- Amending the membership requirements, while retaining the requirement for diversity and appropriate skill mix.
- Removing Ministerial involvement in procedural matters for which the relevant HHS or departmental Chief Executive should have appropriate authority; and
- Removing provisions covered by other legislation.

Competitive neutrality?

Advantages:

- The hospital foundations in Queensland are well established and known in their local communities and by their current and potential donors.
- Individual hospitals benefit from the receipt of funds raised by hospital foundations.

Disadvantages:

- There have been complaints in recent years about poor governance in some foundations, including embezzlement, false declarations, sexual harassment and unmanaged conflicts of interest. The Auditor-General has also raised concerns about the financial management of some foundations. However, the current Act provides limited powers for the Minister to act following the receipt of a complaint about the actions of a foundation, member or employee. The Minister also has limited power to request an investigation of the activities of a foundation or to issue a direction in the public interest in relation to the operations of a foundation.
- Although hospital foundations are expected to act in the interests of their community, community members do not have any obvious avenues through which they can express concerns about the operations of a foundation.
- There have been concerns raised regarding perceived conflicts of interest related to the allocation of research funding by foundations.
- Allocation of funding for hospital equipment can also be problematic when donor requests do not align with hospital or HHS priorities.

Question for consideration:

What benefits does this option offer in terms of:

- Returns to hospitals/health services
- Medical research
- The potential revenue from donations and other sources
- Efficiency, value for money
- Reduced regulation

ii. Retain a Hospital Foundations Act with foundations linked to HHS

Under this option, the Act would be amended to establish new relationships between foundations, HHS and the Minister for Health.

This option could provide potential for improved effectiveness through the amalgamation of foundations within a HHS area (one HHS only). Another option is for the joint control by more than one HHS Board of a single foundation to provide funding and support for the health facilities under the control of those HHS Boards.

Amalgamation of hospital foundations within a HHS or across HHS boundaries offers potential benefits in terms of economies of scale through sharing operating and administration costs. This could maximise the funding applied to identified HHS priorities. If hospital foundations were amalgamated across HHS boundaries, there may be a need to establish criteria for access to funds in order to prevent potential conflicts between HHSs.

With the potential for the Australian Government to legislate to place an income tax liability on unrelated business income of charities, those foundations relying on commercial income to fund their administrative costs may have to identify alternative funding sources.

Implementation of this option could be undertaken in stages to reflect the needs and capacity of individual HHSs and their related foundations. As part of the transition process consideration could also be given to whether some or all of the commercial activities undertaken by current foundations could be transferred to the HHS.

In 2011, the Australian Government commissioned a panel, led by Mr Simon McKeon, to conduct an independent review of health and medical research in Australia (*Strategic Review of health and Medical Research – Better Health through research*).

One of the key themes emerging from the review was the lack of a sufficiently strong connection between health and medical research and the delivery of healthcare services. This option would support a stronger connection between research funded by foundations and the identified research priorities of the relevant HHS.

Advantages

- The HHS Board could establish guidelines for the broad strategic research being funded by the foundation, to avoid the potential which currently exists for perceived conflicts of interest in relation to the allocation of research funding.

Disadvantages

- There may be a perception in the community that by linking hospital foundations to the HHSs, that individual hospitals may not receive any benefit from funds raised by the foundation (and that they will be directed elsewhere in the health service), thereby decreasing donations.

Question for consideration:

What benefits does this option offer in terms of:

- Returns to hospitals/health services
- Medical research
- The potential revenue from donations and other sources
- Efficiency, value for money
- Reduced regulation

- Acc + transparent governance

iii. Retain the Act with foundations linked to specific health conditions or issues

Advantages

There could be potential benefits to the public health system from hospital foundations being focused on particular priority health conditions or issues. Funds raised could then be distributed across HHSs towards these priorities in line with the objects of the foundations.

Disadvantages

There are a range of other non-statutory charitable organisations, such as the Cancer Council, and the Asthma, Heart, Arthritis and Diabetes Foundations, which have achieved considerable success in raising funds for research and public awareness on specific population health issues. They also receive a variety of State and federal government funds including grants and recurrent funding for particular activities.

The success of these organisations may be due in large part to their activities relating to single priority health issues that are clearly identifiable by, and marketable to, the public, as well as their national focus.

If foundations were to be linked to health conditions/issues they may be in direct competition with these organisations, which would be counterproductive in terms of increasing potential fund raising revenue and the benefits to HHSs.

Question for consideration:

What benefits does this option offer in terms of:

- Returns to hospitals/health services
- Medical research
- The potential revenue from donations and other sources
- Efficiency, value for money
- Reduced regulation

b. Non-government options

An alternative approach would be to repeal the governing legislation for hospital foundations and amend the *Hospital and Health Boards Act 2011* to provide for the establishment of companies limited by guarantee or trusts by HHS. This approach assumes that HHS Boards would want to take responsibility for establishing hospital foundations.

HHS are statutory bodies under the *Financial Accountability Act 2009* (Cth) and the *Statutory Bodies Financial Arrangements Act 1982*. The Treasurer's approval is required for a HHS to establish a separate company.

This option would provide a similar environment to that adopted in other jurisdictions where foundations are established as necessary using the usual legal arrangements open to other non-government organisations.

i. Companies limited by guarantee

A company limited by guarantee could be established by HHS as the shareholders (either individually or collectively). This option would enable hospital foundations to become independent non-government charitable organisations incorporated under the Corporations Act 2001 as a Section 150 company (a public company limited by guarantee which is formed for purposes beneficial to the community and that prohibits payment of dividends to its members).

The company members could be the Minister or Director-General, or they could be from single or multiple HHSs. Other members could include universities, local government, and other community organisations or foundations. If a foundation was established by the HHS it would be expected that the company members would be associated with the HHS Board rather than the Department of Health or the Minister.

The key issue to be considered in relation to this option is the manner in which the company is to be established and the identity of the members who will control the appointment of directors.

Advantages

A key advantage of this structure is that it offers greater independence from Government for foundations. The HHS could be a member of the company, with the right to attend annual company meetings and to elect the company directors and agree the constitution.

Disadvantages

If foundations were to become independent non-government organisations, foundation members would not have the statutory indemnity currently provided by s.40 of the Act (with the exception of sections 199B, 183 and 184 of the Corporations Act 2001 which relate to conduct involving a wilful breach of duty or using a position as director to gain an advantage for themselves or someone else or cause detriment to the corporation) and so become exposed to personal liability for the foundation's actions. A number of foundations have previously expressed the view that attracting members would be difficult in the absence of such an indemnity. The cost of purchasing directors' insurance may entail additional administrative costs for the new entities.

Hospital foundations could also be established as companies limited by guarantee with no State shareholding. However, under this option there would be no link to Government.

*What?
The reform to
legal liability
builds in acc.
for decision-making*

*Reduces regulatory burden, + exposes Foundations to the same rules as other public bodies
Cep. Proc
+ Health Associates
etc.
is that a bad thing?*

Question for consideration:
What benefits does this option offer in terms of:

- Returns to hospitals/health services
- Medical research
- The potential revenue from donations and other sources
- Efficiency, value for money
- Reduced regulation

- Acc & Govt

ii. Trusts

An alternative form is for HHS to establish a trust structure. A trust involves a trustee holding assets in its/their own name for the benefit of a group of persons or entities (the beneficiaries).

Trusts are a popular form of business structure as they allow a flexible means of distributing income and assets and because they provide certain income tax savings by distributing income among tax advantaged beneficiaries.

The Queensland Museum Foundation has been established under a trust deed. Other foundations established within the Queensland public sector have generally been established under trust deeds including the Queensland Community Foundation, the Gladstone Foundation, and the ANZAC Day Trust Fund established in 1965 to which the minister for Industrial relations appoints the Chairperson. These trusts all manage funds donated to them to provide grants or other contributions for purposes identified in the trust deeds.

A trust does not have to pay income tax on profits (the excess of income less expenses), provided that the profits of the trust have been fully distributed to the beneficiaries in the relevant financial year. Trusts are relatively easy to establish and require a trust deed to be prepared with legal advice provided on the appropriate purposes for the trust deed.

The type of trust that would be most appropriate to the objects of the foundations would be a unit trust where beneficiaries own units in the trust, and the trustee is required to distribute the income to the unit holders in accordance with their respective unit holding in the trust. Like shareholders in a company, unit holders have a specific entitlement to a share of the income or property of the trust in accordance with their unit holding in the trust. Different classes of units may have the same or different rights and entitlements (as to share of income or capital, voting rights and preferential rights to interest or income) between them. This would be suited to the situation where there was one trust and a number of HHS were beneficiaries.

Discretionary hybrid trusts can be established where the distribution is variable and is to be allocated to a number of different projects. This would be suited to the setup of an individual trust for each HHS.

If HHS were to establish foundations as trusts, the two options for the role of trustee could include:

1. Chair of HHS as trustee. This option would enable the HHS Board to control the trust and ensure that the disbursements were aligned with the HHS priorities as identified in the trust deed.
2. An independent person or corporate entity as trustee. This person or entity could be nominated/established by the relevant HHS or with the approval of the Minister. This option would have the advantage of the HHS being removed from the responsibilities of controlling the trust. However, the trust deed

would need to be drafted in such a way to ensure that the income from the trust was distributed to the beneficiaries identified by the relevant HHS.

Advantages of a trust structure

- Can be tailored for individual circumstances
- Requires distribution of income in each financial year
- Can be relatively simple to operate
- The trustee holds the assets separately from the beneficiaries

Disadvantages of a trust structure

- Still needs either a corporate trustee or body to operate
- Changes in beneficiaries mean changes to the trust deed
- Lack of transparency by trustee.

Question for consideration:

What benefits does this option offer in terms of:

- Returns to hospitals/health services
- Medical research
- The potential revenue from donations and other sources
- Efficiency, value for money
- Reduced regulation

If a decision is made to implement one of the non-government options presented in this paper, there are a number of significant implementation issues that would need to be addressed relating to the transition from current hospital foundations to new entities. These issues are outlined below:

- HHS would require the Queensland Treasurer's approval under the *Statutory Bodies Financial Arrangements Act 1982 (Qld)* to establish a hospital foundation as a company limited by guarantee or a trust if these entities require special investment, borrowing or specific financial arrangements. This is because there is no express power for an HHS to form a corporation under the *Hospital and Health Boards Act 2011*.
- The provisions of the *Hospital Foundations Act 1982* and the *Corporations Act 2001* will apply to voluntary/involuntary winding up procedures of hospital foundations.
- During wind up/dissolution of hospital foundations liabilities would be paid from existing cash reserves or from the proceeds of asset sales. The Governor in Council can direct the transfer or disposal of surplus assets to an entity with objects similar to those of the foundation.
- The terms of any existing foundation trusts and Australian Taxation Office rulings may prevent funds being transferred to new foundations or other entities, and would require case by case review.
- The State has no ability to direct a liquidator on which assets are to be sold, retained or transferred. The liquidator must act in the interests of the creditors.

Associations

to check Keller's Report on this

- Foundation staff would not automatically transfer to a new entity and may result in an additional liability during windup/dissolution.
- The *Hospital Foundations Act 1982* would be repealed following the establishment of the new foundations.

Summary of Options

Government Options	
Options	Key Features
i) Retain a Hospital Foundations Act with current foundations	This option represents the status quo subject to a full review of the Act.
ii. Retain a Hospital Foundations Act with foundations linked to HHS	<p>Under this option, the Act would be amended to establish new relationships between foundations and HHS.</p> <p>This option could provide potential for improved effectiveness through the amalgamation of foundations.</p> <p>Another option is for the joint control by more than one HHS Board of a single foundation to provide funding and support for the health facilities under the control of those HHS Boards.</p>
iii. Retain the Act with foundations linked to specific health conditions or issues	<p>This option would see hospital foundations being focused on particular priority health conditions or issues.</p> <p>Funds raised could then be distributed across HHSs towards these priorities in line with the objects of the foundations.</p>

Non-government options	
An alternative approach would be to repeal the governing legislation for hospital foundations and amend the <i>Hospital and Health Boards Act 2011</i> to provide for the establishment of companies limited by guarantee or trusts by HHS or an independent person or entity.	
Options	Key Features
i. Companies limited by guarantee	This option would enable hospital foundations to become independent non-government charitable organisations incorporated under the <i>Corporations Act 2001</i> as a Section 150 company (a public company limited by guarantee which is formed for purposes beneficial to the community and that prohibits payment of dividends to its members).
ii. Trusts	A trust involves a trustee holding assets in its/their own name for the benefit of a group of persons or entities (the beneficiaries). The trustee could be either the HHS or an independent person or corporate entity as trustee.

(iii) Associations ?

Hospital Foundations Review

Queensland Health Renewal Taskforce

Glenn Poole
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Email:

February 2013

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Disclaimer:

This report has been prepared on the basis outlined in the report. The conclusions have been drawn from information provided by officers of the Queensland Health Department [QH]. The services provided in the preparation of this report are an advisory engagement which is not subject to assurance or other standards issued by the Australian Auditing and Assurance Board.

Queensland Health
Review of Hospital Foundations

1 Summary

There is a significant heritage within Queensland of public support for the delivery of health services. Although the precise nature of the support has varied over time, the work of volunteers within our hospitals and in raising funds for their operations has been an important contributor to the delivery of quality health and hospital services across the State.

The current legislative basis for the creation and management of hospital foundations is the *Hospital Foundations Act 1982*. Thirteen foundations operate under this Act.

Since 1982 there have been many changes in the charity sector, particularly in the way that volunteers engage with and support community organisations. The manner in which hospitals are managed has also evolved to reflect changing community needs and expectations. The most recent change in the operation of hospitals has been the decentralisation of responsibility for the management of hospitals within regions of the State and the introduction of Health and Hospital Service Boards to give greater local control.

This review of the structure and governance of the foundations has been conducted within this environment and draws on some of the experiences with the current hospital foundation model over recent years.

2 Recommendations

It is recommended:

1. Legislation be drafted to repeal the *Hospital Foundations Act 1982* and to amend the *Hospital and Health Boards Act 2011* to provide the power for a HHS Board to establish foundations to financially support health facilities operating within the area of the HHS.
2. In drafting the legislative amendments, consideration be given to the potential for improved effectiveness through the amalgamation of foundations within a HHS area and / or for the joint control by more than one HHS Board of a single foundation to provide funding and support for the health facilities under the control of those HHS Boards.
3. The proclamation of the legislative amendments will need to be managed to enable the effective transfer or assignment of the assets, liabilities, obligations and benefits of the current foundations to new foundations established under the new powers for the HHS Boards.
4. The implementation of the new framework may be undertaken in stages to reflect the needs and capacity of individual HHSs and their foundations.

5. As part of the transition process consideration should be given on whether some or all of the commercial activities undertaken by current foundations should be transferred to the HHS rather than to a new foundation.
6. The objects and functions of the new foundations be determined by the relevant HHS Board. The foundation's powers should not exceed or extend beyond the powers available to the HHS. In establishing a foundation, HHS Boards should be encouraged to consider and address the issues outlined in Section 6 including the potential for changed taxation imposts on a charity's unrelated business income.
7. The HHS Boards be empowered to fund the administrative and operating costs of foundations established by the Board.
8. While the financial activities of the new foundations will be consolidated within the financial statements of the relevant HHS, adequate information should continue to be made available to the community on the operations and activities of the new foundations.
9. The responsibilities of the Office of Health Statutory Agencies within Queensland Health be re-directed from assessing the compliance of foundations with regulatory requirements to monitoring the strategic activity of foundations to enable timely reporting to the Minister on the foundations' successes and challenges.

3 Engagement

The Queensland Health Renewal Taskforce entered into this consultancy to assist in its deliberations regarding alternative procurement and service delivery options. The initial consultancy reviewed the enhancement of QH grants processes within Queensland Health.

That consultancy was extended to include a review of the structure and legislative framework for the operation of the Queensland Public Hospital Foundations. Specifically the following are to be examined:

- A. The current legislative and operational framework for Hospital Foundations, including its strengths and weaknesses in respect of transparency, accountability and governance.
- B. The governance frameworks adopted for other foundations within the Queensland public sector and other jurisdictions.
- C. The development of options for the Queensland Hospital environment.
- D. The assessment of the strengths and weaknesses of potential options and the extent to which the governance concerns identified over recent years will be addressed by each option and whether the issues raised by the Webbe-Weller Review will be addressed.
- E. The identification of a preferred option for future action.

This report provides conclusions and options for the modification of the governing framework for Hospital Foundations flowing from the examination of these issues.

4 Background

Queensland Public Hospital Foundations have provided significant support for local hospitals for many years through fundraising and providing grants for equipment, research, staff travel and professional development and the provision of facilities to support patients, staff and the community.

4.1 Legislation

The legislative base for the creation and operation of the Hospital Foundations is the *Hospital Foundations Act 1982*. The Act provides a scheme for the establishment and operation of foundations as bodies corporate and prescribes their functions, objectives, powers, constitution, meetings, financial matters, dissolution, winding up and merger and other related matters.

The Act provides very broad functions, objects and powers under which foundations can operate. The objects of each foundation are similar and as outlined in the document constituting the Royal Brisbane and Royal Women's Hospital Foundation are broad and enable the foundation to:

"acquire, manage and apply property and income arising therefrom to continuing objects within or associated with the Royal Brisbane and Royal Women's Hospital in respect of the health and well-being of people, provision of improved facilities for education in medicine and preventative medicine, the discovery of the nature, origins and causes of disease, research into and development of branches of medical and other health sciences, technological research with a view to general improvement in health services and the production and marketing of results of research and development."

Thirteen foundations have been established at various times over the past thirty years in response to requests from local community members in accordance with the Act. The members of the foundation boards are appointed by the Governor in Council and receive no remuneration for their role as Board members.

Queensland is the only Australian State that has specific legislation governing the establishment and operation of Hospital Foundations. In other States foundations are established under the State association incorporations laws, as companies limited by guarantee under corporations' law or as Charitable Trusts.

While hospitals in some New South Wales Local Health Districts such as at Westmead use a related foundation to raise funds for the Westmead Millennium Institute for Medical Research, others such as the Royal North Shore and Ryde Hospitals use their internal marketing department to facilitate fund raising activity.

The *Queensland Art Gallery Act 1987* enables the Art Gallery Board to establish a foundation committee. The *Queensland Museum Act 1970* makes no legislative provision for a foundation and the Queensland Museum Foundation has been established under a trust deed. Other foundations established within the Queensland public sector have generally been established under trust deeds¹.

Other statutory bodies such as the Queensland Performing Arts Trust and the Queensland Theatre Company have been granted tax concessions by the ATO for the receipt of charitable donations directly to the entity without the need to establish a separate foundation.

4.2 Charity Tax Status

The status of the Hospital Foundations, as shown on the ATO records, is outlined in Attachment 1. This table identifies that:

- One is categorised as a "Fixed Trust" while the other twelve are "Other incorporated entities".
- Various "Charity / Fund Type" classifications are recognised.
- All receive a GST Concession.
- One does not receive any FBT concessions, three receive a FBT rebate and the remaining nine have a FBT exemption.
- All receive an exemption from income tax.
- While all have Deductible Gift Recipient status, one receives it under Item 2 as a Public Ancillary Fund and the other twelve under Item 1 of the Tax Act.

The decisions on the tax status of the individual foundations appear to have been made at different times over the past ten to twelve years in response to submissions by foundations that have focussed on different parts of their overall objects. While this may account for the differing decisions, the fact that all are constituted under a single piece of legislation suggests that the status of the entities is not entirely clear from that legislation to those undertaking regulatory roles.

4.3 Financial Data

Financial data extracted from the annual reports of the Hospital Foundations for 2011-12 are shown in Attachment 2. An analysis of the data indicates:

- Income from philanthropy [gifts, donations, bequests, fund raising] accounts for approximately \$19.3m or 46% of total income of \$41.9m.
- Income from investments totals \$2.5m or 6% of total income.
- Significant income is raised from business activities such as car parks and cafes [\$20m]
- Donations by foundations for activities and projects such as hospital equipment, research and staff training amount to approximately \$11m or 26% of total income and 73% of philanthropy income.
- Total Assets are some \$86m and Total Equity is almost \$80m
- Six foundations are responsible for the operation of hospital car parks.
- Five foundations operate cafes or food outlets on their hospital campus.
- Five foundations operate other business activity such as TV hire schemes.

¹ See Attachment 3

A 2002 paper by Myles McGregor-Lowndes and Ted Flack from the Australian Centre of Philanthropy and Nonprofit Studies at QUT ² identified that:

"In 1999-2000, hospital foundations [there were twelve foundations at that time] had total revenues of \$17.54 million and distributed to their hospitals and associated research committees a total of \$14.34 million. The largest source of income is donations and bequests (37.32%), followed by special purpose grants for the provision of specific service (27.82%). Several hospital foundations have successful related commercial operations, including management rights to hospital car parks, hospital canteens and flower shops, and this represents a growing source of revenue at 14.31% of the total revenues. The competitive advantage that the foundations have in using volunteers makes the use of the hospital foundations, rather than employees of the hospital, an attractive option for hospital administrators."

Over the last twelve years the foundations total revenue has increased from \$17.54 million to \$41.89 million but the distributions to the related hospital has decreased from \$14.34 million in 1999-2000 to \$11.11 million in 2011-12. The cost of generating the total revenue has increased particularly for staff and related costs. Revenue from donations and associated fund-raising has increased from some \$6.5m in 1999-2000 to \$19.3 million.

The previous practice of using volunteers in the business operations of the foundations has been significantly reduced with most foundations now using paid employees in roles associated with the operation of car parks and canteens / cafes. Volunteers now tend to be used in roles associated with fund raising, assisting patients and families within the hospital campus, patient libraries and general assistance for the administration of the foundation. The involvement of volunteers in this way provides opportunities for the hospital administration to connect with its local community and to undertake community engagement activities.

4.4 Webbe / Weller Review

In March 2009 the report of *An Independent Review of Queensland Government Boards, Committees and Statutory Authorities* by Ms S Webbe and Professor P Weller AO³ recommended that the hospital foundations move to an independent non-government organisation model which –

- Preserves the value of local branding and fundraising achievements;
- Upholds good governance and accountability to key stakeholders (donors, patients, local community and the associated hospital);
- Has a clear charter of roles and responsibilities; but
- Does not need the overlay of government bureaucracy.

² The Border Between Government and Charity: A Case Study of Queensland Hospital Foundations, published in Third Sector Review Volume 8, No 1 - 2002

³ Brokering Balance: A Public Interest Map for Queensland Government Bodies – Part B Report [page 188 / 189]

4.5 Changes in the regulatory environment

The Australian Charities and Non-for-profits Commission [ACNC] commenced operation on 3 December 2012. While the scope of the ACNC's coverage continues to be clarified, all hospital foundations fall within the regulation of the ACNC. From 1 July 2013 the foundations will be required to lodge with the ACNC annual information statements including some financial information and from 1 July 2014 detailed financial statements. This information will normally be available to the public through the ACNC web site.

The ACNC is also proposing to introduce a set of governance standards to be adopted by registered charities. After 1 July 2014 charities will be required to apply their income solely to their not-for-profit purposes or face the loss of their tax Deductible Gift Recipient status.

The Australian Government had announced plans to enact taxation legislation which would result in the business operations of charities being liable for income tax. Although legislation was introduced into the Australian Parliament the extent of the application of the proposed unrelated business tax was not clear and the government has recently withdrawn the legislative proposals. If the proposed legislation is re-introduced in the future it is possible that business activity by foundations such as the operation of car parks, cafes and the hire of TVs could become liable to income tax provisions.

5 Governance issues encountered under the current Act

The current Act provides limited powers for the Minister to act following the receipt of a complaint about the actions of a foundation board, board member or staff member. The Minister has limited power to request an investigation of the activities of a foundation or to issue a direction in the public interest in relation to the operations of a foundation.

Over recent years Queensland Health and previous Ministers have received complaints regarding alleged poor governance by foundation boards, suspected financial mismanagement, embezzlement, false declarations, sexual harassment and unmanaged conflicts of interest⁴.

Some of these incidents have been referred to the Crime and Misconduct Commission. The Auditor-General has also raised concerns in recent years with the financial management of some foundations.

Potential conflicts and miss-allocation of resources can arise from:

- The allocation of research funds where hospital staff or committee members are involved in the decision-making process and may also be direct or indirect beneficiaries,
- The allocation of research funds to research being undertaken outside the environment of the foundation's related hospital,
- The allocation of funds for research or equipment purchases where influential donors impose conditions which conflict with hospital priorities,

⁴ Departmental briefing paper to Minister, July 2012

- Expenditure decisions by foundations which require the allocation of hospital resources that are not in accordance with hospital priorities,
- Differences in the FBT benefits available for hospital staff compared with the benefits for foundation staff, particularly where there is opportunity for hospital staff to also become employees of a foundation to receive research and other funding. There is a cap of \$17,000 on the grossed up taxable value of benefits for a hospital employee while the cap for foundation staff is \$30,000.
- The impact on hospital operations and resource priorities that flow from fund-raising commitments associated with drug trials, research projects or influential donors.

The Webbe / Weller review identified inefficiencies in the legislative framework including the overhead costs and, at times, the lengthy process for gaining approval for the appointment of board members and the lack of ministerial powers outlined above.

It is not clear why the governance lapses that have been experienced in recent years have occurred. However unlike other community organisations, foundations do not have a membership base to which they are accountable at annual and other general meetings where the actions of an organisation's management and board can be discussed and reviewed. In a community organisation, members of the organisation can act to replace management or the board if there are concerns with the direction of the organisation. Alternatively the members can leave the organisation with a resulting impact on the organisation's funding base and capacity to achieve its mission. These types of sanctions are not part of the hospital foundation governance framework.

Hospital foundations do not have a community of interest to whom the executive and board are accountable in a consistent and public manner. Although the foundations are expected to act in the interests of their community, community members do not have any obvious avenues (other than perhaps contacting the media or the Minister) through which they can express concerns about the operations of a foundation. In the absence of other avenues for action, a community member wrote to Prince Charles seeking changes to certain financial management actions at the Prince Charles Hospital Foundation.

While donors to hospital foundations can stop providing financial support for a foundation and volunteers can withdraw their involvement in foundation activities, these expressions of a lack of agreement with the direction of a foundation are unlikely to significantly impact on its governance given the institutional framework for these hospital foundations.

The current legislation appears to provide a framework where there is little real external accountability – the Minister cannot control or direct the actions of the foundation⁵ and neither can the HHS Board.

In the consultation process undertaken by the Department on the legislative framework for the foundations, a number of foundations pointed to the presence on their Boards of representatives of the local hospital as a way of ensuring that the direction of the foundation was aligned with that of its related hospital.

⁵ See discussion in Section 7.1 below

It is not clear from the experience of recent years that a relatively small number of hospital representatives on the board are able to adequately avoid governance issues from arising. In addition some recent events suggest that busy hospital executives may not be able to devote the time or have the governance experience needed to provide the appropriate guidance to the foundation boards.

6 Options to enhance accountability and transparency

Options to amend the governance framework are discussed in Section 7. Irrespective of the governance model adopted, some other actions may help to improve the accountability and operating transparency of the foundations. These include:

6.1 Restrictions on commercial activities

The practice of foundations being involved in a range of commercial activities has a long history. Involving foundations in the management of car parks seemed to provide a simple capacity for the foundation to raise revenue which could be used to support hospital activity. Similarly allocating hospital space to enable a foundation to operate a café provided revenue for the foundation and did not require the direct involvement of hospital staff in its operation. This was particularly attractive when foundations used volunteers to operate these activities and could therefore produce financial returns above those available from the use of paid hospital employees.

Many of the commercial activities were originally established in a public sector budgeting environment where departments were funded from the Consolidated Fund and any revenue generated by the department was transferred back to the Consolidated Fund and was not directly available for additional departmental expenditure. As these government budget practices did not provide any incentive for departments to generate their own revenue streams, the budgeting principles were changed to allow departments to retain all "own source" revenue generated.

The alienation of hospital assets, such as car parks and building areas for cafes, in ways which are not fully accounted for or disclosed in all foundation financial statements may no longer be appropriate. The Australian and State Governments will be looking to the HHS's to effectively and efficiently use the resources available to them including the buildings and facilities that they operate. There has been increased pressure on hospital administrators to increase the level of their own source revenue over recent years.

However there still appears to be support within at least some HHS administrations and Boards for foundations to continue to be involved in new commercial operations in what appears to be an attempt to move revenue outside of the HHS environment into one where some administrators hold a perception that there will be more flexibility in the use of the funds.

For example one HHS has recently approved the involvement of its foundation in the leasing of commercial space in the new hospital facility currently under construction. In the last couple of years another HHS has approved the involvement of its foundation in the hire of TVs for patients. It is not clear that these decisions have been based on extensive business cases demonstrating that the ultimate return to the HHS will be maximised. Nor is it clear that the accounting for the flow of funds will be transparent with all costs, including the costs associated with the capital used in the enterprises fully disclosed.

A number of the foundations highlight that they are able to meet their costs of administration from the commercial revenue they generate and that therefore all funds received from donations are able to be allocated to funding research and other hospital related activities.⁶

Some foundations have funding strategies that involve the investment in commercial activities associated with hospital activity to provide a longer term income stream. Others have a focus on building an investment corpus which will provide that longer term flow of income. These strategies rely on the capacity of the foundation board and management to effectively and successfully implement the strategy and to balance the current financial needs of the hospitals with those that may emerge in the future.

As outlined above the possible introduction of Australian Government legislation to impose an income tax on "unrelated business activity" by charities could significantly impact on the practices adopted by a number of foundations.

The rationale for foundations operating commercial activities using hospital resources at less than a fair value should be reviewed to ensure that there is consistency across all foundations. In view of the history involved in the commencement of some of the commercial activities and the manner in which they have been contractually implemented, it may take time to unwind the current arrangements.

6.2 Allocation of research funding

One of the major functions pursued by most foundations has been to allocate funding for research and staff development purposes. Determination of the strategy and overall funding allocations are the responsibility of the foundation's Board. Those foundations allocating significant funding for research usually appoint a Board sub-committee comprising medical and academic experts to assess funding applications and to determine the research projects to be supported.

As outlined in Section 5 some concerns have been raised regarding perceived conflicts of interest related to the allocation of research funding. Concerns have also been expressed as to the potential for duplication of research effort from the multiple research programs being pursued across the hospital and foundation sector and whether all research projects meet the desired high levels of peer assessed quality.

⁶ See Section 6.3 below

The following actions may assist foundations in minimising potential difficulties:

- Appoint a research sub-committee with independent members who have a broad range of skills to receive and determine research funding applications. While committee members with an academic and medical expertise are critical in the assessment of research proposals, the committees should also include members with business, social services and community interest backgrounds.
- Adopt and clearly implement robust conflict of interest policies and practices.
- Ensure that all research funding applications are endorsed by the HHS CEO prior to consideration by the committee.
- Not approve the funding of research projects where current HHS staff members are not an integral part of the research team.
- Have the HHS Board establish guidelines for the broad strategic direction for research being funded by the foundation.

The Royal Children's Hospital Foundation established the Queensland Children's Medical Research Institute in 2009 as a company limited by guarantee with its own separate Board and Research Committee. The RCH Foundation (now Children's Health Foundation) provides funding for the work of the QCMRI. This funding represents a significant component of the funds raised by the foundation each year. The QCMRI claims in its annual report that:

The Board is accountable to all QCMRI stakeholders, including the general public, to ensure that operations and affairs of the QCMRI are in line with the expectations of the community, researchers and supporters.

However it is not clear how this accountability is achieved. No details are available on the Institute's web site of the funding it receives or of its expenditures. There does not appear to be a formal annual report and no financial or other performance information about the Institute is published by the Children's Health Foundation other than disclosure of the amount of funding provided by the foundation to the Institute.

Some other foundations established specific funds or trusts within the overall control of the foundation to account for research funding transactions. In recent years most of these arrangements have been un-wound and the research funding activities brought back into the normal financial processes and reporting of the foundations.

6.3 Funding administration costs

In any fund raising activity one of the critical issues for potential donors relates to the proportion of the donation that is absorbed in administration and fund raising costs and therefore the proportion of the donated funds that are allocated to the activity being supported.

As outlined above a number of the hospital foundations have addressed this challenge by engaging in various commercial undertakings. Other foundations have established investment funds and allocated the earnings on those funds towards administration costs.

⁷ <http://www.qcmri.org.au/about/boardofdirectors.aspx> accessed 22 January 2012

Most foundations also receive in kind support from the associated hospital by way of rent free accommodation and other services in addition to any subsidised resources to support the foundation's commercial operations. The value of services received free of charge or at less than fair value is not disclosed in most of the financial statements of the foundations. One foundation has disclosed that in 2011-12 it received the following:

Provision of office building	\$110,500
Provision of Café area – under peppercorn lease	\$215,385
Pro Bono services provided by external parties	\$248,972

Another foundation disclosed that it received free office accommodation which had a fair value of \$17,600 in 2011-12.

The financial statements for the foundations do not demonstrate the validity of the claims that administrative costs are funded from other income. The finances of the commercial activities are not separately identified in the financial statements and most of the financial statements do not identify the value of the assets used in gaining the commercial revenue.

The financial arrangements for the car parks vary depending on the time period in which they were initiated and the then financial position of the related hospital. Some are leased from QH at a peppercorn rate but the value of the benefit to the foundation from not having to pay the capital costs of the car park are not clearly detailed in the statements.

Although the funding of administration costs from commercial activities should mean that all donation revenue is available for distribution to hospital related activities, in 2011-12 only three of the foundations made donations for research or in support of the related hospital equal to or greater than the amount of donation revenue received. Overall distributions of \$11.1 million in 2011-12 were significantly lower than the \$19.3 million received in donations.

In addition, the practice of using profits from commercial activities to fund administration costs reduces the transparency of those costs and the ability for the community to monitor the efficiency of the operations of each foundation.

With the potential for the Australian Government to legislate to place an income tax liability on the unrelated business income of charities, foundations relying on commercial income to fund their administrative costs may have to identify alternative funding sources.

The Queensland Community Foundation has an arrangement with three sponsors to fund the operating costs of the QCF. This arrangement brings the benefits of transparency and rigor to the development of the QCF's budget and provides a process of discussion with the sponsors on the direction and aspirations of the QCF.

One option for the foundations is for the related HHS to provide funding for these costs. Such an arrangement would draw the foundation closer to the priorities and goals of the related HHS and provide improved transparency and accountability. It would also enable potential donors and members of the community to gain a clear view of the financial position of the foundation.

6.4 Allocation of funding for equipment

In a similar way to the potential for conflict and miss-allocation issues to arise with the determination of allocations for research projects, the allocation of funding for hospital equipment items can also result in difficulties for foundations and the related HHS.

Donors can have quite specific ideas in relation to the equipment items that they want to support through their gifts. At times the conditions requested by donors or the items of equipment proposed to be funded from specific donations or the general funds of the foundation may not reflect the priorities of the HHS. In these instances the foundation should undertake consultation with the HHS to ensure that funding does not compromise the achievement of priority goals of the HHS.

6.5 Strengthen Departmental Oversight

The recent establishment of the Office of Health Statutory Agencies within QH provides an opportunity for greater monitoring of the activities and achievements of the foundations.

The Unit currently undertakes the processes involved with monitoring compliance by the foundations with the various legislative and regulatory provisions. It also has some limited capacity to provide general monitoring reports for the Minister.

If governance changes result in a greater involvement of the HHS Boards in the operations of the foundations, this unit will have less responsibility for ensuring compliance and will be able to devote time to strategy and monitoring. This would provide the Minister with a better level of background information on the successes and weaknesses being experienced by each foundation. An improvement in the capacity for the Minister to have early information on potential issues will aid in the determination of any remedial action which may be necessary.

7 Governance options

7.1 Amend the *Hospital Foundation Act 1982*

This is the option recommended by QH⁸ following consultation with representatives of the Foundations. Legislative amendments proposed by the Department for which there was general agreement from its consultation include:

- Streamlining the description of foundations' objects,
- Streamlining the description of foundations' powers and providing greater clarity on those powers which require Ministerial approval,
- Amending the membership requirements, while retaining a requirement for diversity and appropriate skill mix,
- Removing Ministerial involvement in procedural matters for which the relevant Hospital and Health Service or departmental chief executive should have appropriate authority, and
- Removing provisions covered by other legislation.

⁸ Departmental briefing paper to Minister, July 2012

Other issues considered by the department, for which there was no agreement during the consultation include:

- Including power in the legislation for the Minister to direct a foundation in the public interest,
- Including provisions to ensure that hospital foundations utilise the maximum possible amount of public monies raised for the benefit of their associated hospitals and health services.

Extreme care will be needed if the legislation is amended to ensure that the features that enable the foundations to be approved as charitable bodies for taxation purposes are not breached. McGregor-Lowndes and Flack⁹ identified that one of the significant features that enabled the foundations to be considered charitable was that they are not subject to government control.

The current provisions where ministerial approval is required for certain actions are seen as of a regulatory nature (similar to the approvals needed by NGOs regulated under the associations' incorporation legislation) rather than as an indication of control by government and a lack of independence of the foundation board.

McGregor-Lowndes and Flack concluded:

"The task of deciding whether such foundations are charitable is not an easy determination in their present situation. The matter is capable of clarification by minor statutory amendment to remove any doubt of government control and entrench the perception of independence in the management of such bodies or permitting them to adopt a more common legal form as is the case in other jurisdictions."

7.2 Empower HHS Boards to establish Foundations

This option could be based on the legislative provisions in the *Queensland Art Gallery Act 1987* where the legislation simply provides for the creation of a foundation and a foundation board. In this way the HHS Board would have a greater role in the establishment and management of the foundation but at the same time it would enable local input and support from community members who are not members of the HHS Board.

It would largely remove the current focus on the Minister as the person to respond to all concerns raised about the activity of foundations, their board members or staff.

It is likely that foundations established in this way would continue to be regulated by the ACNC. Again however care will be needed in creating the new framework to ensure that the deductible gift recipient and other taxation concessions continue to be available.

Action will also be required to ensure that any existing funds restricted by bequest or trust conditions are able to be adequately managed.

⁹ The Border Between Government and Charity: A Case Study of Queensland Hospital Foundations, published in Third Sector Review Volume 8, No 1 - 2002

7.3 Use the Company Limited by Guarantee structure for Foundations

This option would provide a similar environment to that adopted in other jurisdictions where foundations are established as necessary using the usual legal arrangement open to other community organisations. As outlined above it is one of the options identified by McGregor-Lowndes and Flack for clarifying the current uncertain position of the foundations as charitable bodies.

The issue to be resolved for this option is the manner in which the company is to be established and the identity of the members who will control the appointment of directors. The members could be the Minister and Director-General or they could be from the HHS Board. If the foundation is established by the HHS Board it would be expected that the company members would be associated with the HHS Board rather than Queensland Health or the Minister.

In community examples of charitable companies limited by guarantee there may be a small number of members of the community who are the initial members of the company. These initial members are then joined by other community members who make donations to the charity of a certain amount. In some cases the amount donated to become a company member is a nominal amount with the number of members becoming large. In other cases membership is more restricted to those who have made significant donations. These members then have a right to attend annual company meetings and to elect the company board members.

7.4 Create one foundation with local auxiliaries

One of the inefficiencies of the current model for operating the foundations relates to the administrative overheads involved. Each foundation is required to manage its own affairs with staff recruited for the financial, fund raising and other tasks as well as the development of systems and location of office accommodation and facilities.

At times there are also difficulties in recruiting skilled staff due to the limited number of people interested and skilled in philanthropy and fund raising in particular.

Members of the public, particularly in South East Queensland, may receive treatment from more than one hospital facility over time. They may therefore be approached to be a donor by different health facilities. Many corporates also operate across a number of regions of the State and may have difficulty in identifying the most appropriate foundation and projects for their community support.

The creation of an umbrella foundation would provide benefits from the stream-lining of administrative and fund raising activity. A one foundation model would provide greater scope for using scale to achieve improved returns at a lower cost.

Alternatively a reduced number of foundations could be achieved through the amalgamation of existing foundations either on a geographical basis or based on their strategic direction or interests in research activity.

One of the perceived disadvantages of a single foundation for the State would be the potential for the loss of local community involvement, commitment and ownership of the activities of a local health facility with a resulting lower level of financial donations. There may also be a reduction in the understanding of local needs and the flexibility that smaller, decentralised units provide.

A single foundation would need the support and information about local issues, needs and opportunities. This could be achieved through the use of local committees or auxiliaries in a similar manner to the dispersed operations of the Far North Queensland Hospital Foundation.

A number of proposals for the amalgamation of some of the existing foundations have been proposed and considered by foundation boards, particularly in the Brisbane metropolitan area in recent years. These proposals have not received sufficient support for them to be approved and implemented. The benefits from greater scale of operations appear to have been recognised however the different operating environments and interests of the individual foundations and HHS managements seem to have resulted in no action being taken.

8 Conclusions

The operational and governance difficulties flowing from the current legislation have been identified and documented in recent years.

Although the amendment of the *Hospital Foundations Act 1982* as proposed by Queensland Health would address many of the issues of concern, the Minister would remain the focal point for any external complaints about the operations of foundations and their Boards and would not have an open and direct capacity to take action to resolve any deficiencies other than to replace Board members.

Other actions such as controls on the commercial activities undertaken by foundations or the strengthening of departmental oversight would only provide a limited improvement in the governance framework for the foundations.

While the option of creating a single foundation, probably using the company limited by guarantee framework, has many positive features it may be seen as a radical approach to address the identified deficiencies with the current framework which still retains a number of valuable aspects.

A reduction in the number of foundations in the greater metropolitan area of south east Queensland could result in improved effectiveness and provide a base for moving toward a framework with fewer foundations across the State.

Engagement with local community members is a vital part of the delivery of hospital services. An important contributor to effective community engagement can be the involvement of community members as volunteers within the hospital. Volunteers are able to see and experience the activity of the hospital and provide a two-way communication channel between management and the community.

The option of repealing the current foundation legislation and empowering the HHS Boards to establish foundations within their area of operation is likely to provide a number of beneficial features:

- Oversight of the operations of the foundations would be undertaken within the framework of the overall strategies being pursued by the HHS.
- Responsibility for monitoring the governance of the foundations would be a responsibility of the HHS Board who would be able to address, at a local level, any issues of concern raised by the community.
- A closer relationship between the HHS Board and the foundation could enable the HHS to enhance its engagement with its local community, particularly through the involvement of members of the community as volunteers within the hospital environment as part of the operations of the foundation.
- The involvement of the Minister in resolving governance deficiencies would normally be directed mainly at the system or strategic level as local issues would usually be managed locally by the HHS Board.
- The HHS could ensure that the financial support provided by the foundation is aligned with the priorities of the HHS.
- The HHS Board would be in a good position to balance the competing benefits of efficiency of operation from a single foundation with the effectiveness of outcomes from foundations closely aligned with their local communities. While a HHS could respond to local aspirations by establishing several foundations associated with major facilities in the HHS region, they could be encouraged to adopt the model of one foundation for the region which is supported by a number of local Friends of the Foundation Committees associated with specific facilities.
- The extent of any involvement of the foundation in commercial activities would be an issue for consideration by the HHS Board in the establishment of the foundation and the monitoring of its strategic direction.
- The HHS Board would be able to determine the manner in which the foundation's administration costs are funded.
- Implementation of this arrangement could be staged to reflect the assessed capacities of HHS and Foundation management and boards and the current financial and operational positions of the foundations.
- While the amalgamation of existing foundations within a HHS area could be undertaken by that board, other options such as the amalgamation of foundations with similar strategic interests such as research could be explored by the related HHS and Foundation Boards.

Hospital and Health Services Foundations – ATO Registrations

Foundation	Entity Type	Charity / Fund Type	GST Concession	FBT	Income Tax Exemption	Deductible Gift Recipient
Bundaberg	Other incorporated entity	• Charitable Institution	yes	Rebate	Yes	Yes – item 1
Children's Health	Other incorporated entity	• Public Benevolent Institution	yes	Rebate	Yes	Yes - item 1
Far North Qld	Other incorporated entity	• Public Benevolent Institution	yes	exemption	yes	Yes – item 1
Gold Coast	Other incorporated entity	• Charitable Fund	yes	no	yes	Yes - Public ancillary fund – item 2
Ipswich	Other incorporated entity	• Health Promotion Charity	yes	exemption	yes	Yes – item 1
Mackay	Fixed Trust	• Health Promotion Charity	yes	exemption	yes	Yes – item 1
Prince Charles	Other incorporated entity	• Health Promotion Charity • Charitable Institution	yes	exemption	yes	Yes – item 1
Princess Alexandra	Other incorporated entity	• Health Promotion Charity • Charitable Institution	yes	exemption	yes	Yes – item 1
Redcliffe	Other incorporated entity	• Health Promotion Charity	yes	exemption	yes	Yes – item 1
Royal Bris & Womens	Other incorporated entity	• Health Promotion Charity • Charitable Institution	yes	exemption	yes	Yes – item 1
Sunshine Coast	Other incorporated entity	• Health Promotion Charity	yes	exemption	yes	Yes – item 1
Toowoomba	Other incorporated entity	• Public Benevolent Institution	yes	exemption	yes	Yes – item 1
Townsville	Other incorporated entity	• Charitable Institution	yes	rebate	yes	Yes – item 1

Hospital Foundations Financial Details 2011-12												
Foundation	Philanthropy Income	Invest Income	Other income	Total Income	Expenditure	Operating Profit	Distributions	Total Assets	Equity	Car Park	Café	Other Business
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m			
Bundaberg	0.113	0.027	0.083	0.223	0.226	- 0.003	0.049	0.569	0.554	N	Y	Y
Children's Health*	6.369	0.277	0.045	6.691	6.206	0.485	3.495	21.046	18.193	N	N	N
Far North Qld	1.210	0.167	2.170	3.547	2.035	1.512	1.007	4.118	3.560	Y	Y	Y
Gold Coast	0.978	0.241	0.036	1.255	0.990	0.265	0.262	4.459	4.430	N	N	N
Ipswich	0.174	0.084	1.077	1.335	1.565	-0.230	0.560	1.407	1.259	Y	N	N
Mackay	0.242	0.005	0.385	0.632	0.491	0.141	0.165	0.293	0.276	N	Y	N
Prince Charles	2.585	0.564	5.663	8.812	6.877	1.935	1.811	12.292	11.675	Y	Y	N
Princess Alexandra	1.458	0.166	0.250	1.874	1.385	0.489	0.383	3.260	3.184	N	N	N
Redcliffe	0.360	0.016	5.066	5.442	0.917	4.525	0.057	13.548	13.387	N	N	Y
Royal Brisbane & Women's	3.339	0.590	2.953	6.882	3.454	3.428	1.079	13.842	13.153	Y	N	Y
Sunshine Coast	1.183	N/A	1.078	2.261	2.204	0.057	1.121	4.577	2.834	Y	N	N
Toowoomba	0.554	0.281	1.255	2.090	1.794	0.296	0.818	5.538	5.249	Y	Y	Y
Townsville	0.733	0.073	0.041	0.847	0.700	0.147	0.301	1.885	1.748	N	N	N
Total	19.298	2.491	20.102	41.891	28.844	13.047	11.108	86.834	79.502			

* Excludes a transfer of \$17.707m from The Royal Children's Hospital Foundation

Other Queensland Government Related Foundations – ATO Registrations

Foundation	Entity Type	Charity / Fund Type	GST Concession	FBT	Income Tax Exemption	Deductible Gift Recipient
Queensland Art Gallery Foundation	Other incorporated entity	<ul style="list-style-type: none"> Charitable Institution 	Yes	Rebate	Yes	No (QAG has DGR status)
Queensland Museum Foundation	Other Trust	<ul style="list-style-type: none"> Charitable Fund 	Yes	No	Yes	Yes – Item 2 - Public Ancillary Fund
Queensland Community Foundation	Other Trust	<ul style="list-style-type: none"> Charitable Fund Charitable Institution 	Yes	No	Yes	Yes – Item 2 - Public Ancillary Fund
Queensland Institute of Medical Research	Other Incorporated Entity	<ul style="list-style-type: none"> Health Promotion Charity 	Yes	Exempt	Yes	Yes – Item 1

RTI RELEASE

Stakeholder Consultation

Name	Title
Terry Mehan	Deputy Director-General, System Policy & Performance
Kerry-Anne Ungerer	Acting Director, Office of Health Statutory Agencies
Rachel Welch	Office of Health Statutory Agencies
Dr Michael Cleary	Deputy Director-General, Health Services & Clinical Innovation
Annette McMullan	Chief Legal Counsel
Steve Laurie	Director (Taxation)
John George	RBWH Foundation Board
Peter Treseder AM	CEO, RBWH Foundation

RTI Release

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RTI Release

1 Introduction

Hospitals foundations in their current form have served Queensland well, and delivered a number of benefits including raising funds for the betterment of health services, and providing a means for Queensland communities to support both their local public hospital and state-wide health services.

Hospital foundations are established under the *Hospitals Foundations Act 1982* (“the Act”). The Act not only provides a scheme for the establishment of foundations as bodies corporate, but also governs many aspects of their operations including functions, objectives, powers, constitution, meetings, financial matters, dissolution, winding up, merger and miscellaneous matters.

Queensland Health recently initiated a review of the Act to ensure that it provided the best legislative framework for the important work of foundations. The review was triggered by the recent report *Brokering Balance: A Public Interest Map for Queensland Government Bodies* (the Weller Report).

The aims of the review are:

- implementing the commitment of the Queensland Government response to the Weller Report, published on 22 April 2009, to undertake further analysis and consultation with key stakeholders to explore appropriate alternative incorporation models for foundations;
- streamlining bureaucracy created by the Act;
- protecting the trust that the public holds in foundations by ensuring the Act contains appropriate accountability and transparency measures; and
- identifying other opportunities to improve the Act, including the aim of making it a useful, working document for foundations.

The Deputy Premier and Minister for Health met with foundation chairs on 22 July 2009 to discuss the Weller Report and advise of the review of the Act. At the conclusion of the meeting, the foundation chairs requested Queensland Health undertakes an initial round of consultation with the chief executive officers of the foundations as an initial step toward preparing a consultation paper. Consultation meetings were subsequently held in August and September 2009.

In addition to feedback about the Act itself, a key issue that emerged from the above consultation was uncertainty on the part of foundations about the future of commercial relationships between Queensland Health and foundations in relation to revenues from hospital car parks, cafes and so on. Further consideration and direction may be needed on this issue to ensure standardisation of management of these issues across districts.

2 Questions

Incorporation models for foundations

Do you consider that it is preferable for foundations to be established under the Act or to be established as independent non-government charitable organisations?

What do you consider to be the benefits and disadvantages of these options?

Having regard to local health service priorities

Do you consider that the Act should require foundations to have regard to local health service priorities when performing their functions?

Functions

What improvement do you consider should be made to the description of the functions of foundations in the Act?

Do you consider that the functions of the Act should include a reference to raising money by way of public appeals for subscriptions or contributions?

Objects

What improvement do you consider should be made to the description of the objects of foundations in the Act?

Do you consider that the objects of the Act should be streamlined to focus on acquiring, managing and applying property to:

- improve and support any health service including by purchasing equipment or improving health facilities at an associated hospital;
- provide financial support to hospital employees to pursue education or professional development activities relating to improving health services;
- provide financial support to hospital employees to undertake research into health and medical research; and
- do anything else that is likely to build a healthier community such as preventative health care programs.

Powers

What improvements do you consider should be made to the description of the powers of foundations in the Act?

Do you support sections 14 and 15 of the Act being combined and shortened to simply confer upon foundations all the powers of individual, subject to any Ministerial approvals required by the Act?

Do you support the insertion of a separate section in the Act that clearly lists those specific powers which may only be exercised after Ministerial approval is obtained as currently listed in section 15 of the Act?

Members

Do you consider that the power to appoint and remove members, including chairperson, should be held by the Minister rather than the Governor-in-Council?

Should the Act mandate certain types of members of hospital foundations (eg members with financial, legal or marketing skills, or hospital employees)?

Procedural requirements

Do you support the omission of Section 33, which contains a range of minor procedural provisions about foundation meetings, from the Act? If not, which parts of section 33 do you think should be retained?

Do you consider that the Act should continue to require Ministerial involvement in procedural matters such as the appointment of a foundation secretary, decisions about use of department employees by foundations, and use of department land?

Is there any need to retain the reference to the appointment of a secretary of a foundation in section 37(1) of the Act?

Accountability

Foundations are subject to a range of Queensland legislation, such as the *Financial Accountability Act 2009* and the *Statutory Bodies Financial Arrangements Act 1982*. Do you consider that the Act should clearly list in one section all of the Queensland legislation to which foundations are subject?

Do you consider that there is any benefit in retaining the estimates of receipts and disbursements scheme in sections 46 to 49 of the Act?

Do you support the Act being amended to confer on the Minister a power to direct a foundation in the public interest?

Miscellaneous

Do you consider that there is any benefit in retaining section 65 of the Act, which makes a person liable to pay a body corporate the value of any foundation property which is taken or damaged, or section 66 of the Act, which enables a foundation to pay a reward be omitted from the Act?

Are there any other issues about the Act which should be addressed by this review?

3 Consultation on incorporation models for foundations

Section 7 of the Act provides that the Governor in Council may establish a foundation by regulation.

The recent report *Brokering Balance: A Public Interest Map for Queensland Government Bodies* (the Weller Report) recommended that the foundations across Queensland no longer be established under the Act, but instead become “independent non-government charitable organisations”.

The Weller Report acknowledged that the foundations were “valuable”, “viable” and have a “history of success for the betterment of health services” (Chapter 8). However, it also asserted that the requirement to have board members appointed by Governor-in-Council was an expensive administrative process and could also cause delays in filling vacancies. The report proposed that foundations be moved to an independent non-government organisation model which:

- preserves the value of local branding and fundraising achievements;
- upholds good governance and accountability to key stakeholders (donors, patients, local community, and the associated hospital);
- has a clear charter of roles and responsibilities; and
- does not need the overlay of Government bureaucracy.

The Queensland Government response to the Weller Report, published on 22 April 2009, stated that the recommendation about foundations was supported in principle but that further analysis and consultation with key stakeholders was required to explore appropriate alternative incorporation models for each Foundation, dependent on their activities.

There are two alternative incorporation options that could be considered to implement the recommendation for foundations to become independent non-government charitable organisations:

- incorporation under the *Associations Incorporations Act 1981* (an association formed for any lawful purpose but not for the purpose of financial gain for its members);
- incorporation under the *Corporations Act 2001* as a Section 150 company (a public company limited by guarantee which is formed for purposes beneficial to the community and that prohibits payment of dividends to its members).

Consultation with foundations since the release of the Weller Report has identified that most foundations would prefer to continue to be established under the Act rather than be established as independent non-government organisations. However a small number of foundations advised that while they had no strong objection to the current legislative framework, they also had no objection to becoming a non-statutory body, such as a company limited by guarantee, if that option were to become available.

Consultation Paper – Review of the *Hospitals Foundations Act 1982*

Before proceeding further, it is important to note that the Act does not mandate the establishment of a hospital foundation. Rather, section 5 of the Act states that any person in whom is vested property to the value of \$10,000, and who “desires or is required by law” to apply that property with the scope of the objects of hospital foundations, may apply to the Minister to be established as a hospital foundation. The Act does not prevent a person or persons from establishing an association, however it might be constituted, that may, in the course of conducting its affairs, donate money to public hospitals.

However, consultation identified that there are benefits for foundations in being established under the Act including:

- if foundations were to become independent non-government organisations, their members would lose the statutory indemnity provided by s.40 of the Act and so become exposed to personal liability for the hospital foundation’s actions. A number of foundations expressed the view that attracting hospital foundation members would be difficult in the absence of such an indemnity, particularly as members provide their valuable services free of charge, and stand to gain no personal benefit from their role. Additionally, the cost of purchasing directors insurance would divert donations into administrative costs.
- establishment under the Act ensures that Queensland Health senior managers are involved in the management of foundations and assist foundations to make decisions about the allocation of public donations that accord with local health service delivery priorities. If foundations were to become independent non-government organizations, the link between foundations and Queensland Health would be harder to maintain.
- a number of foundations consider that they would be unviable if they were not provided with the accommodation and administrative support availed to them by their local hospital under the Act, as well as the opportunity to pursue commercial arrangements with hospitals.
- due to their incorporation under the Act, foundations are subject to public sector accountability and transparency requirements such as the *Statutory Bodies Financial Arrangements Act 1982* and the *Financial Accountability Act 2009*. A number of foundations considered that being established under the Act and subject to public sector accountability requirements supports them in attracting support from donors. Queensland Health is also of the view that as foundations receive monies donated for the benefit of public health services, it is appropriate that they should be included within a public accountability regime.

Incorporation models for foundations

Do you consider that it is preferable for foundations to be established under the Act or to be established as independent non-government charitable organisations?

What do you consider to be the benefits and disadvantages of these options?

4 Improving the Hospitals Foundations Act 1982

4.1 Introduction

The *Foundations Act 1982* not only provides both a scheme for the establishment of foundations as incorporated bodies, but also governs many aspects of their operations including:

- Functions
- Objectives
- Powers
- Constitution
- Meetings, Proceedings and Business
- Financial Matters
- Dissolution, Winding Up and Merger
- Miscellaneous Matters

Consultation raised a number of options for improving the Act, which are set out below for your consideration.

4.2 Functions

The functions of foundations are described in section 12 of the Act as follows:

“It is the function of each body corporate--

(a) to pursue the object or objects from time to time registered in respect of it in the register; and

(b) to manage and apply all property from time to time held by it, and the income arising there from, towards the attainment of that object or those objects and towards matters and things incidental thereto or calculated to assist therein; and

(c) to properly govern and control the affairs of the body corporate.”

Two issues raised during consultation about section 12 of the Act were:

- the need to ensure that foundations pursue their functions in a manner that is aligned with local health service priorities. Most foundations achieve this goal by working closely with the senior management of their local hospitals, and by only considering applications for grants that are approved by hospital management. However, there may be benefit in expressly stating in the Act that in performing its functions, a hospital foundation must have regard to local health service priorities.
- the functions should refer to fundraising, as this is the principal activity of most foundations. Currently, section 15(1)(a) confers power on a hospital foundation to “to raise money by way of public appeals for subscriptions or

Consultation Paper – Review of the *Hospitals Foundations Act 1982*

contributions, subject to the *Health Services Act 1991* and the *Collections Act 1966*".

Having regard to local health service priorities

Do you consider that the Act should require foundations to have regard to local health service priorities when performing their functions?

Functions

What improvement do you consider should be made to the description of the functions of foundations in the Act?

Do you consider that the functions of the Act should include a reference to raising money by way of public appeals for subscriptions or contributions?

4.3 Objects

The objects of foundations are listed at section 13 of the Act. The current objects are lengthy, and are set out in Annexure A.

Consultation with foundations raised the following issues about these objects:

- the objects refer to providing aid to "ambulance services", which may not be appropriate as ambulance services are not managed by hospitals;
- the objects, which currently have eleven separate limbs, are very lengthy, and may benefit from being streamlined;
- the inclusion of the object "to supply aid to persons in respect of any matter concerning any aspect of the health or wellbeing of people" may create an unreasonable expectation that foundations can assist individuals with the costs associated with receiving health care;
- while foundations typically focus on a few similar objects (namely supporting hospitals through purchase of equipment, supporting the conduct of research and supporting hospital employees to pursue education or professional development activities), it is also important that the objects include a generic clause that caters for other objects. For example, the Ipswich Hospital Foundation undertakes various well supported community based activities in pursuit of its goal of promoting healthier lifestyles and building a healthier community;
- the Office of Health and Medical Research, Queensland Health noted that the reference to "research" should be broad enough to cover "health and medical research" which is "a global term encompassing research that extends across a multi-dimensional continuum, ranging from fundamental biomedical research through to social research and spanning both investigator-driven and practice-focussed research. Ultimately this research, irrespective of where it falls in the spectrum, directly or indirectly results in improvements to health care and health service delivery." (p.28 Research for a healthier future 2020 Health and Medical Research Development Strategy)
- the objects should assist foundations to obtain necessary Deductible Gift Recipient status.

Based on the above, a possible new objects clause for foundations could be as simple as follows:

“The objects for which a body corporate may acquire, manage and apply property are the following--

- (a) to improve and support any health service including by purchasing equipment or improving health facilities at an associated hospital;*
- (b) to provide financial support to hospital employees to pursue education or professional development activities relating to improving health services;*
- (c) to provide financial support to hospital employees to undertake health and medical research;*
- (d) to do anything else that is likely to build a healthier community including preventative health programs.”*

Objects

What improvement do you consider should be made to the description of the objects of foundations in the Act?

Do you consider that the objects of the Act should be streamlined to focus on acquiring, managing and applying property to:

- improve and support any health service including by purchasing equipment or improving health facilities at an associated hospital;
- provide financial support to hospital employees to pursue education or professional development activities relating to improving health services;
- provide financial support to hospital employees to undertake research into health and medical research; and
- do anything else that is likely to build a healthier community including preventative health programs.

4.4 Powers

The powers of foundations are listed in sections 14 and 15 of the Act. Section 14 is a general grant of power which authorises a hospital foundation to “do all lawful things necessary or convenient to be done in connection with or incidental to the proper discharge of its functions.” Section 15 lists a range of over 20 specific powers (see Annexure A), some of which are subject to Ministerial approval.

Consultation raised a number of issues about sections 14 and 15.

The first was that some of the specific powers listed in section are very minor eg the power to “purchase, print, publish, circulate or make available on loan or hire text books.” Questions were raised about the need to retain any such specific powers, given that section 14 provided a general grant of power.

In this regard, Queensland Health has obtained internal legal advice that the specific powers listed in section 15 are effectively unnecessary on the basis that the general

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grant of powers in section 14 is sufficient to provide power for all of the matters listed in section 15. It is worth noting in this context that other statutory body legislation (see for example s.13 *Medical Board Administration Act*, s.18 *Health Quality and Complaints Commission Act 2006* and s.21 *Queensland Art Gallery Act 1987*) usually provides the statutory body with “all the powers of an individual” and then adds the following examples:

- enter into contracts and other arrangements;
- acquire, hold, dispose of, and deal with, property;
- appoint agents and attorneys;
- engage consultants;
- fix charges and other terms for services and other facilities it supplies;
- do anything else necessary or convenient to be done in performing its functions.

In the case of the Act, the adoption of such a provision would need to take into account that some of the powers listed in section 15 are subject to Ministerial approval including:

- acquire the whole of or a share in the business of any person and to assume the whole of or a share in the liabilities of that person in relation to the business (section 15(1)(m))
- to enter into a partnership, an arrangement for sharing of profits, union of interest, cooperative joint venture, reciprocal concession or other similar arrangement with any person or persons carrying on or about to carry on any business or transaction that the body corporate is by this Act authorised to carry on, or any business or transaction capable of being so carried on as to assist it (directly or indirectly) to discharge its function (section 15(1)(o));
- to acquire, hold and dispose of shares, debentures or securities of any corporation (section 15(1)(p));
- to enter into arrangements with any government, authority, person or persons, being arrangements calculated to enable it (directly or indirectly) to discharge its function, and to carry out such arrangements, and to acquire from such government, authority, person or persons any right, privilege or concession that the body corporate considers desirable to acquire to assist it to discharge its function (section 15(1)(q));
- to make money or other awards to persons concerned in such inventions or discoveries accepted by it as likely to benefit the health or wellbeing of people (section 15(1)(r));
- to sell or otherwise dispose of its land or buildings for such consideration as it determines or to exchange its property for shares, debentures or securities of a corporation that has objectives similar to the objects of the body corporate (section 15(1)(s)); and
- to improve, develop, exchange, lease or turn to account its land or buildings (section 15(1)(t)).

A number of foundations felt there were be benefits in terms of transparency in separately listing in a single section all of the powers for which Ministerial approval was required under the Act.

Powers

What improvements do you consider should be made to the description of the powers of foundations in the Act?

Do you support sections 14 and 15 of the Act being combined and shortened to simply confer upon foundations all the powers of individual, subject to any Ministerial approvals required by an Act?

Do you support the insertion of a separate section in the Act that clearly lists those specific powers which may only be exercised after Ministerial approval is obtained as currently listed in section 15 of the Act?

4.5 Constitution (Members)

Under the Act, foundations are constituted by 7 or more members who are appointed by the Governor-in-Council on the recommendation of the Minister.

The Act contains various other provisions about members referring to types of members, term of appointment, casual vacancies, vacation of office, disclosure of interests, members to act honestly and with propriety, disqualification from office, removal from office, appointment of chairperson and deputy chairperson, fees and allowances and effect of public sector employment on being a member.

Appointment of Members

The Weller Report considered that the requirement to have board members appointed by Governor-in-Council amounted to unnecessary bureaucratic overlay. This concern can be addressed by enabling the Minister, rather than Governor-in-Council, to appoint board members. In this regard it is noted that under the *Health Services Act 1991* the Minister has the power to appoint members of health community councils. Likewise, the power to remove members and appoint chairpersons, which is currently vested in Governor-in-Council, could also be transferred to the Minister.

Classes of Members

There was a broad consensus during consultation that the Act should not create mandatory classes of membership, other than with respect to Queensland Health representatives. Instead, it was considered more appropriate to describe the types of qualifications that might make a person suitable for appointment as a member.

Section 18(3)(a) of the Act requires a health community council representative to be a member. Health community councils and foundations serve very different functions - while foundations are focussed on fundraising, health community councils focus on community engagement and the quality and safety of health care. On this basis, there does not appear to be any need for a mandatory requirement for a health community council member to be a member of a hospital foundation.

Section 18(3)(b) of the Act requires a “an employee of a university or other body providing education at tertiary level with which the body corporate has become associated, or a person who, in the Minister’s opinion, is knowledgeable and experienced in the field of knowledge or activity relevant to the purposes or objects of the body corporate, in any case nominated by the Minister in accordance with subsection (4)” to be a member. As already noted, the focus of hospital foundation activities is variable – from fundraising for purchase of hospital equipment through to supporting research. While in some cases, for example where a foundation has a research focus, an employee of university or other tertiary education facility may be beneficial to a foundation that is not always necessarily the case.

Section 18(3) (c) of the Act requires at least “2 officers or employees at an associated hospital or persons who, in the Minister’s opinion, are knowledgeable and experienced in a field of knowledge or activity relevant to the purposes or objects of the body corporate”. There was a broad consensus amongst the foundations consulted that the Act should continue to require hospital employees as members. Many foundations additionally sought a requirement that the chief executive officer of the health service district in which the foundation is located should be required to be a member. However this will not always be possible as some district chief executive officers now have more than one foundation within their district. However this problem might be overcome by allowing a district CEO to nominate a member.

The Act does not currently require there to be members with legal or financial management skills. However including such a requirement may be beneficial to ensure the foundations have the necessary skills to manage their business.

Members

Do you consider that the power to appoint and remove members, including chairperson, should be held by the Minister rather than the Governor-in-Council?

Should the Act mandate certain types of members of hospital foundations (eg members with financial, legal, marketing or health research skills, or hospital employees)?

4.6 Meetings, Proceedings and Business

Sections 32 to 41 address a range of procedural matters including conduct of meeting business, quorum, conduct of affairs, minutes, validity of transactions, employees, use of certain Queensland Health officers and premises, use of the common seal, protection of members and insurance.

Consultation raised a number of issues, which are discussed below.

The requirement in section 33(1) of the Act for the first meeting of a foundation to be convened by the Minister was considered to be unnecessary. As one of the aims of this review is to reduce unnecessary bureaucracy, there does not appear to be a need to retain this provision.

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Sections 31 to 35 govern foundation meetings. A number of these sections are appropriate including - s.31 which enables a foundation to conduct its business as it determines; section 32 which provides for a quorum of a majority of members; and section 35 which requires a foundation to keep minutes. However section 33, which contains a range of procedural provisions, is unnecessarily prescriptive for legislation. For example section 33(4A) provides that if “a quorum is not present at a meeting of the body corporate within 15 minutes after the time appointed for the commencement of the meeting, the member or members present or the majority of them if more than 2 are present or the secretary of the body corporate if no member is present or if the members present are equally divided on the issue may adjourn the meeting to a time and date not later than 7 days from the date of the adjournment.”

Section 37 (1) of the Act provides that the “secretary of a body corporate shall be a suitably senior officer of an associated hospital who is nominated by the chief executive and approved by the Minister.” It is not clear from section 37 or section 18 of the Act if the secretary is intended to be a member of the foundation, and consultation with foundations indicated some confusion about how to interpret this provision. Some foundations enjoyed the support of a senior administrator from the associated hospital sitting as a member and providing the governance advice usually associated with a secretary. In another case, the secretary was an administrative support officer from the associated hospital who attended meetings to take minutes. At the end of the day, section 37 appears to be unnecessary, on the basis that section 18 already requires two hospital employees to be members of a foundation, and section 38 enables a foundation to make use of department employees. Taken together, these two sections enable a foundation and an associated hospital to make arrangements for appropriate support, either through the employee being a board member or simply providing support in another way.

Section 38(1) enables a foundation to make use of employees of the department but only with the “approval of the Minister first had and obtained”. Given the range of support provided to foundations by hospital employees, and the aim of reducing unnecessary bureaucratic overlay, it may be appropriate to allow the district health service chief executive officer to determine these matters rather than the Minister.

Section 38(2) enables a foundation to use department land and premises as agreed with the chief executive officer. However section 38(2) goes on to provide that if such agreement cannot be reached, it shall be determined by the Minister. The involvement of the Minister in such matters appears unnecessary.

Procedural requirements

Do you support the omission of Section 33, which contains a range of minor procedural provisions about foundation meetings, from the Act? If not, which parts of section 33 do you think should be retained?

Do you consider that the Act should continue to require Ministerial involvement in procedural matters such as the appointment of a foundation secretary, decisions about use of department employees by foundations, and use of department land?

Is there any need to retain the reference to the appointment of a secretary of a foundation in section 37(1) of the Act?

4.7 Financial Provisions

Part 7 of the Act contains a number of financial provisions, some of which appear novel and also poorly drafted.

Sections 44 and 51 of the Act are both headed “Body corporate are statutory bodies”. Section 44 declares that a body corporate is a statutory body under the *Financial Accountability Act 2009* while section 51 declares that under the *Statutory Bodies Financial Arrangements Act 1982* a body corporate is a statutory body. The two sections should be merged into a single section which addresses the status of foundations under both the two Acts.

In this context, it is also worth noting that some foundations sought the inclusion of a new section in the Act listing all of the accountability legislation to which foundations are subject eg *Crime and Misconduct Act 2001*. An indicative example of such a section is section 42(3) of the *Legal Aid Act 1997* which states

“Legal Aid is—

(a) a unit of public administration under the *Crime and Misconduct Act 2001*; and

(b) a statutory body within the meaning of—

(i) the *Financial Accountability Act 2009*; and

(ii) the *Statutory Bodies Financial Arrangements Act 1982*.”

Section 46 to 49 creates a scheme built around a requirement by the Minister for the foundation to develop an estimate of receipts and disbursements for the balance of the financial year in which it is prepared. The foundation is required to observe the estimate (section 47) and if it fails to do so, the members are rendered jointly and severally liable (section 49). When consulted, foundations were not able to recall the Minister ever utilising the scheme. One foundation also noted that the provision would be difficult to implement because it is not normally possible for a foundation to accurately estimate its receipts for a coming year. The scheme is also quite novel, and does not appear to exist in other legislation governing statutory bodies. Instead, legislation covering statutory bodies normally confers upon the Minister a general power of direction over the statutory body (eg section 9 *Health Practitioner Registration Boards (Administration) Act 1999*). This would appear to be a more appropriate means than the above estimate of receipts and disbursements scheme to ensure that the Minister was able to intervene in the affairs of a foundation and direct remedial action as required.

Accountability

Foundations are subject to a range of Queensland legislation, such as the *Financial Accountability Act 2009* and the *Statutory Bodies Financial Arrangements Act 1982*. Would there be benefit in the Act clearly listing all of the Queensland legislation to which foundations are subject?

Do you consider that there is any benefit in retaining the estimates of receipts and disbursements scheme in sections 46 to 49 of the Act?

Do you support the conferral on the Minister of the power to direct a foundation in the public interest?

4.8 General Provisions

Part 8 of the Act contains a number of miscellaneous provisions addressing issues such as sale or disposal of property subject to a condition in a bequest, winding up and disposal of residual property, forms of contracts, delegations, liability for damage to property and orders to enforce, reward for information, offences and associated provisions, amalgamation, and the making of rules and regulations.

This part of the Act attracted little comment in the course of consultation and was generally supported, apart from section 65 and 66.

Sections 65 and 66 make a person liable to pay a body corporate the value of any foundation property which is taken or damaged, including upon a finding of that a person is guilty of such an offence. Section 66 enables a foundation to pay a reward, with the approval of the Minister, to any person who gives information about taking or damaging of foundation property. Consultation indicated that foundations were not aware of these powers having ever been utilised, but were not aware of their purpose. Accordingly it is proposed that they be removed from the Act and, in the event of any criminal activity affecting a foundation, reliance be placed upon generic Queensland criminal offences legislation.

Miscellaneous

Do you consider that there is any benefit in retaining Section 65, which makes a person liable to pay a body corporate the value of any foundation property which is taken or damaged, or section 66, which enables a foundation to pay a reward be omitted from the Act.

Annexure A – Sections 13 and 15 Hospital Foundations Act 1982

Section 13 Objects for which bodies corporate may apply property

The objects for which a body corporate may acquire, manage and apply property are the following--

- (a) to aid any health, hospital, ambulance or nursing service whether the service has been established or is proposed;
- (b) to supply aid to persons in respect of any matter concerning any aspect of the health or wellbeing of people or in respect of education or instruction in any such matter;
- (c) to provide money or travel grants, conference expenses, fellowships, allowances and prizes in relation to any matter concerning any aspect of the health or wellbeing of people;
- (d) to promote and provide improved facilities for education or instruction at undergraduate and postgraduate levels in medicine, preventive medicine and any other field concerning the health or wellbeing of people for persons engaged in studying or teaching medical or health sciences;
- (e) to seek to discover the nature, origins and causes of disease and bodily afflictions by the application of all or any of those branches of science that are relevant to the purpose and to make the best use of knowledge gained for improvement of the means of prevention or treatment of disease and bodily afflictions;
- (f) to research or arrange or promote research (including surveys relevant to health service or hospital functions) into and development of any branch of medical science, technological research, medical investigation or other matter concerning the health or wellbeing of people, with a view to general improvement in health services;
- (g) to provide money grants or loans for persons engaged in research at postgraduate level in medical or any other health science (including surveys relevant to any such science);
- (h) to provide money grants or loans for research or surveys relative to the functions, duties, management and administration of hospitals and for any public health service other than a hospital;
- (i) to arrange for research and development work in specific matters related to the health of people and to arrange for production and marketing of anything that results from such research or development work;
- (j) to invite lecturers renowned for their knowledge or expertise in any aspect of health care or the wellbeing of people to deliver instruction on such aspect and to finance the appearance of such a lecturer;

(k) to do anything, relevant to the fields of medicine or health care, that is likely to be to the betterment of health services generally or of the administration of an associated hospital.”

Section 15 Specific powers of bodies corporate

(1) Without limiting the generality of section 14 or of any other provision of this Act that confers power on a body corporate the powers of a body corporate include the following--

(a) to raise money by way of public appeals for subscriptions or contributions, subject to the Health Services Act 1991 and the Collections Act 1966;

(b) subject to subsection (2), to make such contracts, agreements and arrangements and make and take such purchases, leases, sales and dispositions of property as it considers to be likely to assist the discharge of its function or the pursuit of any of its objects on such terms and conditions as it thinks fit;

(c) to act as consultant to any person or association of persons that seeks its assistance;

(d) to charge for work or investigations carried out by it or for anything produced on its behalf;

(e) to incur expenditure for work carried out at its request;

(f) to establish and conduct schools, courses, seminars, lectures and any other form of education or instruction, and in connection therewith to arrange the engagement or employment of lecturers or teachers and the payment of salaries, fees or honoraria;

(g) to teach, train and instruct persons and to promote education and research in fields concerning the health or wellbeing of people;

(h) to purchase, print, publish, circulate or make available on loan or hire text books, magazines and journals, reference works, circulars, pamphlets and instructional material of any kind (including microfilm reproductions and audiovisual teaching aids) and all equipment necessary or desirable for the use of such lecture aids and materials and ancillary storage or transport equipment;

(i) to conduct or assist any other person or association of persons in connection with the conduct of any research or other work that the body corporate considers to be in its interests or conducive to the discharge of its own function by such means as it considers appropriate and to set up, equip and maintain laboratories, offices and other buildings (including animal facilities) as it considers to be necessary or desirable;

(j) to promote or attain any of its objects by way of facilities available in or associated with any hospital (other than an associated hospital), the Mater Misericordiae Hospitals or any private hospital, any university, college of advanced education or other educational institution, any medical, scientific, administrative or research

Consultation Paper – Review of the *Hospitals Foundations Act 1982*

institute, council, faculty, school or like institution and to that end to make to any of the entities aforesaid donations of money or gifts of property of any other kind;

(k) to cooperate with any other person or association of persons (either within or outside Australia) connected with or having objectives similar, in whole or in part, to its objects and to join any association having such similar objectives and to establish and support or join in establishing and supporting, and to subscribe, give or lend money to any such person or association for the purpose of discharging the function of the body corporate;

(l) to carry on or join in carrying on any business or arrangement that it thinks may be conveniently carried on by it and that is calculated to assist it (directly or indirectly) to discharge its function or to enhance (directly or indirectly) the value of its property;

(m) with the Minister's approval first had and obtained, to acquire the whole of or a share in the business of any person and to assume the whole of or a share in the liabilities of that person in relation to the business if that business is of such a nature that the body corporate is by this Act authorised to carry it on;

(n) to apply for or acquire--

(i) any patent rights, copyrights, trademarks, formulas, licences, concessions and similar property rights conferring exclusive, non-exclusive or limited rights of user; or

(ii) any secret or other information as to any invention; that it considers may be used for any of its purposes or may directly or indirectly assist it to discharge its function, and to use, exercise or develop such property rights or information or to grant licences in respect thereof or otherwise to turn them or it to account;

(o) with the Minister's approval first had and obtained, to enter into a partnership, an arrangement for sharing of profits, union of interest, cooperative joint venture, reciprocal concession or other similar arrangement with any person or persons carrying on or about to carry on any business or transaction that the body corporate is by this Act authorised to carry on, or any business or transaction capable of being so carried on as to assist it (directly or indirectly) to discharge its function;

(p) with the approval of the Minister first had and obtained, to acquire, hold and dispose of shares, debentures or securities of any corporation;

(q) with the approval of the Minister first had and obtained, to enter into arrangements with any government, authority, person or persons, being arrangements calculated to enable it (directly or indirectly) to discharge its function, and to carry out such arrangements, and to acquire from such government, authority, person or persons any right, privilege or concession that the body corporate considers desirable to acquire to assist it to discharge its function;

(r) to make money or other awards to persons concerned in such inventions or discoveries accepted by it as likely to benefit the health or wellbeing of people and as are approved by the Minister, having regard to the body corporate's recommendation;

Consultation Paper – Review of the Hospitals Foundations Act 1982

(s) with the Minister's approval first had and obtained, to sell or otherwise dispose of its land or buildings for such consideration as it determines and as the Minister approves or to exchange its property for shares, debentures or securities of a corporation that has objectives similar to the objects of the body corporate;

(t) to improve, develop, exchange, lease or turn to account its land or buildings in such manner as the Minister approves;

(u) to make known and further its objects by publishing and distributing papers, journals and other publications and by advertising;

(v) to pursue its objects and exercise its powers in any part of the world whether as principal, agent, trustee or otherwise and whether through trustees, agents or servants, either on its own account or in conjunction with any person or persons;

(w) to do all acts and things that are incidental or conducive to attaining its objects or to exercising its powers.

(2) Where a contract, agreement or arrangement to be made by a body corporate relates to any matter or thing for which this section requires the Minister's approval, it is not competent to the body corporate to make that contract, agreement or arrangement until that approval has been obtained.

RTI RELEASED

Department RecFind No:	BR056333
Division/HHS:	SPP Division
File Ref No:	

Briefing Note for Approval
The Honourable Lawrence Springborg MP
Minister for Health

Requested by: Deputy Director General, System Policy and Performance Division
Date requested: 25 March 2013

Action required by: 27 March 2013

SUBJECT: Hospital Foundations Review Report

Recommendation

That the Minister:

Consult separately with hospital foundation Chairs and also with Hospital and Health Board (HHB) Chairs prior to making a decision.

Additional Information

Note the Report of the Hospital Foundations Review (Report) by the Queensland Health Renewal Taskforce and the implementation issues raised in this brief.

Note the Report recommends that:

- HHBs establish foundations as companies limited by guarantee under corporations law, with the Minister and/or the Hospital and Health Service (HHS) as members, or as charitable trusts under trust deeds (these two models are used in other states as well as by other Queensland public sector foundations) and that existing hospital foundations be abolished;
- Alternatively, consideration be given to amalgamating hospital foundations into either a single statewide foundation; a single foundation within a HHS; and/or joint control by more than one HHB of a foundation, to provide funds to health facilities controlled by those HHBs; and

Note a number of significant issues require further consideration (Attachment 3).

APPROVED/NOT APPROVED

NOTED

NOTED

LAWRENCE SPRINGBORG
Minister for Health

Chief of Staff

/ /

1014113

Minister's comments

PLS HAVE SUSANNE LEBOUTILLIER'S TEAM WORK WITH BRETT HEYWARD TO BRING FORWARD AN OPTIONS PAPER FOR CONSULTATION WITH HHBS & HOSPITAL FOUNDATIONS.

URGENT

Department RecFind No:	BR056333
Division/HHS:	SPP Division
File Ref No:	

Briefing Note for Approval

Director-General

Requested by: Deputy Director General, System Policy and Performance Division

Date requested: 25 March 2013

Action required by: 27 March 2013

SUBJECT: Hospital Foundations Review Report**Proposal**

That the Director-General:

Note the report of the Hospital Foundations Review (Report) by the Queensland Health Renewal Taskforce provided (Attachment 1).

Provide this brief to the Minister to:

Note the Report's recommendations and the implementation issues raised in this brief.

Approve the recommendation that the Minister consult with Hospital Foundation Chairs and separately with the Chairs of Hospital and Health Boards (HHB).

Urgency

- Urgent** - HHB Chairs meet quarterly and Hospital Foundation Chairs annually. HHB and Hospital Foundation Chairs were not consulted as part of the Hospital Foundations Review and their input is required prior to referral of the Report to the Minister's Budget Review Committee (MBRC) for further consideration.

Headline Issues

- The top issues are:
 - Legal advice has identified significant implementation issues for Report recommendations.

Key Values

- The key values that apply are the following:

- Better service for patients
- Better healthcare in the community
- Valuing our employees and empowering frontline staff
- Empowering local communities with a greater say over their hospital and local health services
- Value for money for taxpayers
- Openness

Key issues

- The *Hospital Foundations Act 1982* (HF Act) creates a number of operational and governance difficulties with foundations, including limited Ministerial powers to review and investigate a foundation board, member or employee.
- The Report recommends amending the *Hospital and Health Boards Act 2011* (HHB Act) to allow HHS to establish their own foundations as trusts or as companies limited by guarantee, in the context of abolishing existing hospital foundations and repealing the HF Act, recommended by the 2009 Independent Review of Queensland Government Boards, Committees and Statutory Authorities, Webbe-Weller Review.
- One advantage to this arrangement is that HHS would potentially have greater control to direct fund raising revenue to priorities identified by the HHS.

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File Ref No:	

7. In order to ascertain further issues and the likely position of Hospital Foundations, it is recommended that the Minister discuss the Hospital Foundations Review with the Chairs and Chief Executives of Hospital Foundations.
8. It is also recommended that the Minister consult with the HHB Chairs in relation to the review recommendations in order to gauge their level of interest in taking responsibility for establishing foundations if the HF Act were repealed.

Background

9. In 2009, the Webbe-Weller Review identified a number of inefficiencies in the legislative framework for hospital foundations and issues including a lack of Ministerial powers under the HF Act to remove a member or to direct an investigation into a complaint.
10. In 2009-2010, the Department of Health consulted with hospital foundations on alternative governance models and ways to improve the HF Act (Attachment 2).
11. The Department of Health has identified key implementation issues relating to the review recommendations (Attachment 3). The Department's Executive Management Team has noted the concerns and endorsed that the Report be provided to the MBRC for further consideration.

Consultation

12. Legal Unit provided legal advice on the Report's recommendations.
13. Regulatory Instruments Unit provided advice in relation to implications of amending the relevant Acts.

Financial implications

14. There are potentially significant financial and resourcing implications for HHS and the Department in relation to abolishing hospital foundations and establishing new foundations as trusts or companies limited by guarantee.

Legal implications

15. s.73 - Irrelevant matter (legal advice)

s.73 - Irrelevant matter (legal advice)

Attachments

16. Attachment 1: Hospital Foundations Review Report, Queensland Health Renewal Taskforce
- Attachment 2: BR054747: Review of the *Hospital Foundations Act 1982*
- Attachment 3: Summary of legal issues in relation to Report recommendations

Department RecFind No:	BR056333
Division/HHS:	SPP Division
File Ref No:	

Recommendation

That the Director-General:

Note the report of the Hospital Foundations Review (Report) by the Queensland Health Renewal Taskforce provided (Attachment 1).

Provide this brief to the Minister to:

Note the Report's recommendations and the implementation issues raised in this brief.

Approve the recommendation that the Minister consult with hospital foundation Chairs and separately with the Chairs of Hospital and Health Boards (HHB).

APPROVED/NOT APPROVED

NOTED

DR TONY O'CONNELL
Director-General

/ /

To Minister's Office for Approval
for Noting

Director-General's comments

Author	Cleared by: (SD/Dir)	Cleared by: (SD/Dir)	Content verified by: (CEO/DDG/Div Head)
Juliet Dawson	Kerry Ungerer	Susanne LeBoutillier	Colleen Jen
Manager Office of Health Statutory Agencies	A/Director Office of Health Statutory Agencies	Senior Director Governance, Relationships, Improvement and Priorities Branch Approved Susanne LeBoutillier 11/03/13 Approved Susanne LeBoutillier 26/03/13	A/Deputy Director-General System Policy and Performance
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26 March 2013	26 March 2013	26 March 2013	26 March 2013

Department RecFind No:	BR056333
Division/HHS:	SPP Division
File Ref No:	

Briefing Note for Approval
The Honourable Lawrence Springborg MP
Minister for Health

Requested by: Deputy Director General, System Policy and Performance Division Date requested: 25 March 2013

Action required by: 27 March 2013

SUBJECT: Hospital Foundations Review Report

Recommendation

That the Minister:

Consult separately with hospital foundation Chairs and also with Hospital and Health Board (HHB) Chairs prior to making a decision.

Note the Report of the Hospital Foundations Review (Report) by the Queensland Health Renewal Taskforce and the implementation issues raised in this brief.

Note the Report recommends that:

- HHBs establish foundations as companies limited by guarantee under corporations law, with the Minister and/or the Hospital and Health Service (HHS) as members, or as charitable trusts under trust deeds (these two models are used in other states as well as by other Queensland public sector foundations) and that existing hospital foundations be abolished;
- Alternatively, consideration be given to amalgamating hospital foundations into either a single statewide foundation; a single foundation within a HHS; and/or joint control by more than one HHB of a foundation, to provide funds to health facilities controlled by those HHBs; and

Note a number of significant issues require further consideration (Attachment 3).

APPROVED/NOT APPROVED

NOTED

NOTED

LAWRENCE SPRINGBORG
Minister for Health

Chief of Staff

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Minister's comments

Department RecFind No:	BR056333
Division/HHS:	SPP Division
File Ref No:	

Briefing Note for Approval

The Honourable Lawrence Springborg Ml
Minister for Health



Requested by: Deputy Director General, System Policy and Performance Division
Date requested: 7 March 2013

Action required by: 19 July 2013

SUBJECT: Hospital Foundations Review Report

Recommendation

That the Minister:

Note the report of the Hospital Foundations Review (Report) by the Queensland Health Renewal Taskforce provided as Attachment 1.

Approve the discussion paper provided as Attachment 2 as the basis for consultation with Hospital and Health Services and Hospital Foundations and other relevant stakeholders.

Note the reports recommendations.

Sign the letters (Attachment 3) to the chairs of the hospital foundations and Hospital and Health Services inviting them to a consultation forum and to provide written feedback on the Options Paper.

Note the Taskforce report recommends that:

- HHS Boards could establish foundations as a Company Limited by Guarantee under corporations law, with the Minister and/or HHS board as members, or as charitable trusts under trust deeds; and
- consideration be given to amalgamation of foundations into a single statewide foundation; within a HHS; and/or joint control of a foundation by more than one HHS of a foundation, to provide funds to health facilities controlled by those HHS Boards.
- The attached discussion paper has been drafted to provide the basis for consultation with Hospital and Health Boards and hospital foundations on options for the organisational structure of hospital foundations with reference to the Taskforce Report.

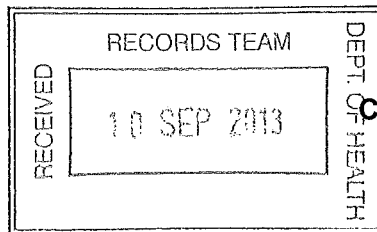
APPROVED/NOT APPROVED

NOTED

NOTED

Lawrence Springborg
LAWRENCE SPRINGBORG
Minister for Health

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Chief of Staff

Minister's comments

3 SEP 2013

URGENT

Department RecFind No:	BR056333
Division/HHS:	SPP Division
File Ref No:	

Briefing Note for Approval

Director-General

Requested by: Deputy Director General, System Policy and Performance Division
Date requested: 7 March 2013

Action required by: 19 July 2013

SUBJECT: Hospital Foundations Review Report

Proposal

That the Director-General:

Note the report of the Hospital Foundations Review (Report) by the Queensland Health Renewal Taskforce (QHRT) provided as Attachment 1.

Provide this brief to the Minister to:

Note the Report's recommendations.

Approve the Options Paper provided (Attachment 2) as the basis for consultation with Hospital and Health Services, Hospital Foundations and other relevant stakeholders.

Sign the letters (Attachment 3) to the chairs of the hospital foundations and Hospital and Health Services inviting them to a consultation forum and to provide written feedback on the Options Paper.

Urgency

1. **Urgent** – the Office of the Minister for Health has requested that the Office of Health Statutory Agencies (OHS) work with the QHRT to prepare an options paper for consultation with Hospital and Health Boards (HHB) and hospital foundations.

Headline Issues

2. The top issues are:
 - HHBs and hospital foundations were not consulted in relation to the QHRT Report.
 - Minister met with hospital foundation chief executive officers and Chairs on 27 March 2013 and agreed to consult with hospital foundations on a review of their organisational structure.
 - Draft Options Paper has been prepared outlining alternative structures for hospital foundations as the basis for consultation.

Blueprint

3. How does this align with the Blueprint for Better Healthcare in Queensland:
 - Better healthcare in the community.
 - Empowering local communities with a greater say over their hospital and local health services.
 - Value for money for taxpayers.
 - Openness.

Key issues

4. The key recommendations of the Review Report were that the *Hospital Foundations Act 1982* be repealed and that Hospital and Health Services (HHS) be empowered to establish their own foundations as Trusts or as Companies Limited by Guarantee.
5. The Department identified a number of implementation issues arising from the recommendations and sought legal advice in relation to these. Issues include:

s.73 - Irrelevant matter (legal advice)

s.73 - Irrelevant matter (legal advice)

DOH-DL 14/15-015

Department RecFind No:	BR056333
Division/HHS:	SPP Division
File Ref No:	

s.73 - Irrelevant matter (legal advice)

s.73 - Irrelevant matter (legal advice)

6. An Options Paper has been drafted to seek the views of HHBs and hospital foundations in relation to alternative organisational forms for hospital foundations. The Department of Premier and Cabinet or Queensland Treasury have not been consulted on the options at this time.
7. Written feedback has been provided on the draft report by Brett Heyward, from the Queensland Health Renewal Taskforce via the Minister's office. Staff from the Office of Health Statutory Agencies met with Mr Heyward on 15 July 2013 to discuss his comments and agree with him on further amendments to be included in the draft options paper. The comment on page 10 of the draft report has not been included in the updated draft as competitive neutrality was not identified as an issue with the legislation in the 2010 consultation by the Department of Health with hospital foundations.
8. It is envisaged that Cabinet approval would be sought to undertake a public consultation process following a decision by the Minister for Health on the preferred option for the future structure of hospital foundations.
9. It is proposed that this options paper will be provided to hospital foundations and Hospital and Health Service Chairs and Chief Executives, as well as a limited number of internal stakeholders for written comment. A teleconference between Hospital and Health Board chairs and the Minister for Health to discuss the issues and options presented in the paper is being arranged tentatively for 26 September 2013 (this meeting has been scheduled in the Minister's diary). OHSa will also attend a forum for hospital foundation chairs and CEOs likely to be held on 27 September 2013.
10. The two letters for the Minister's signature (Attachment 3) advise the chairs of the Hospital Foundations and the Hospital and Health Boards that this is a preliminary consultation to inform Government's thinking in relation to a preferred option and as such it would not be appropriate for Foundations to communicate with their broader stakeholders at this point.
11. A summary of the consultation process is at Attachment 4.

Background

12. In 2009, the Independent Review of Queensland Government Boards, Committees and Statutory Authorities, Webbe-Weller Review, identified a number of inefficiencies in the legislative framework for hospital foundations and issues including the lack of Ministerial powers under the Act to remove a member or to direct an investigation into a complaint.
13. In 2009-2010, the Department of Health consulted with foundations on alternative governance models and ways to improve the Act (Attachment 5).
14. The Department of Health's Executive Management Team (EMT) has noted the Hospital Foundations Review Report and endorsed that it be provided to the (Ministerial Budget Review Committee (MBRC) for further consideration.

Consultation

15. The Regulatory Instruments Unit provided advice in relation to the legislative implications of the Report's recommendations.
16. The Legal Unit provided legal advice in relation to the implementation issues raised above.
17. Brett Heyward from the Queensland Health Renewal Taskforce provided input to the attached Options paper.

Financial implications

18. There are potentially significant financial and resourcing implications for HHS in relation to establishing new foundations as Trusts or Companies Limited by Guarantee.
19. The data included in the attached discussion paper has been sourced from the financial statements included in the annual reports for each of the 13 hospital foundations in Queensland.

Department RecFind No:	BR056333
Division/HHS:	SPP Division
File Ref No:	

Legal implications

20. s.73 - Irrelevant matter (legal advice)

s.73 - Irrelevant matter (legal advice)

Attachments

- 21. Attachment 1: Hospital Foundations Review report, Queensland Health Renewal Taskforce
- Attachment 2: Hospital Foundations Review: An Options Paper
- Attachment 3: Letters to chairs of Hospital Foundations and Hospital and Health Boards – MI192332 to MI192348 (29 in total)
- Attachment 4: Summary of proposed consultation process
- Attachment 5: (Previous) Consultation Paper – Review of the *Hospitals Foundations Act 1982*

RTI Released

Department RecFind No:	BR056333
Division/HHS:	SPP Division
File Ref No:	

Recommendation

That the Director-General:

Note the report of the Hospital Foundations Review (Report) by the Queensland Health Renewal Taskforce (QHRT) provided as Attachment 1.

Provide this brief to the Minister to:

Note the Report's recommendations.

Approve the Options Paper provided (Attachment 2) as the basis for consultation with Hospital and Health Services, Hospital Foundations and other relevant stakeholders.

Sign the letters (Attachment 3) to the chairs of the hospital foundations and Hospital and Health Services inviting them to a consultation forum and to provide written feedback on the Options Paper.

~~APPROVED/NOT APPROVED~~

NOTED



DR TONY O'CONNELL
Director-General

4 19 2013

RTI Release

To Minister's Office for Approval
for Noting

Director-General's comments

Author	Cleared by: (SD/Dir)	Cleared by: (SD/Dir)	Content verified by: (CEO/DDG/Div Head)
Juliet Dawson	Kerry Ungerer	Jacqui Heywood	Colleen Jen for
Manager	Acting Director	Acting Senior Director	Deputy Director-General
Office of Health Statutory Agencies	Office of Health Statutory Agencies	Governance, Relationships, Improvement and Priorities Branch	System Policy and Performance
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7 March 2013 2 May 2013 16 July 2013 27 August 2013	7 March 2013 6 May 2013 Mark Tuohy 27 August 2013	12 March 2013 7 May 2013 16 July 2013 17 July 2013 Mark Touhy for Susanne Le Boutillier 30 August 2013	12 March 2013 8 May 2013 17 July 2013 Philip Davies Deputy Director-General 30 August 2013

Hospital Foundations Review:

An Options Paper

August 2013

RTI Released

Comments & Submissions

This options paper raises issues about the organisational structure for the hospital foundations established under the *Hospital Foundations Act 1982*, which can be read in full by accessing the Office of Queensland Parliamentary Counsel website, www.legislation.qld.gov.au.

The issues raised in this Options Paper do not represent Government policy. This options paper provides an opportunity for comment by Hospital Foundations, Hospital and Health Services, and the Office of Medical Research.

The closing date of receipt of submissions is 4 October 2013.

Submissions should be made to:

Hospital Foundations Review

Office of Health Statutory Agencies

Department of Health

GPO Box 48

BRISBANE QLD 4001

Email:

statutoryagencies@health.qld.gov.au

Ph: (07) 32341600

Feedback on this discussion paper

This options paper is intended to provide a basis for consultation on future options for hospital foundations in Queensland and to the views of Hospital and Health Services, hospital foundations and the Office of Medical Research.

In providing feedback, you may wish to consider responding to the following key questions.

Questions:

- Which of the structures outlined in this paper offers the greatest benefit in terms of:
 - Returns to hospitals/health services
 - Relevant medical research
 - The potential revenue from donations and other sources
 - Efficiency, value for money
 - Reduced regulation
 - Accountable and transparent governance arrangements

Please send your feedback to statutoryagencies@health.qld.gov.au by 4 October 2013.

Draft Hospital Foundations Review Options Paper

1. Executive Summary

Hospital foundations in Queensland have delivered a number of benefits including raising funds for improving health services and providing a means for local communities to support their local hospital and state-wide health services.

Hospital Foundations are established under the *Hospital Foundations Act 1982* (the Act). The Act provides a scheme for the establishment of foundations as bodies corporate, and also governs many aspects of their operations including functions, objectives, powers, constitution, meetings, financial matters, dissolutions, winding up, merger and other matters.

Since 1982, there have been significant changes to the landscape in which hospital foundations operate. These include the establishment of Hospital and Health Services as independent statutory bodies, and the establishment of the Australian Charities and Not-for-profit Commission as national regulator for the charity and not-for-profit sector including hospital foundations.

Organisations in other jurisdictions that have the same purpose as hospital foundations have a range of organisational structures including charitable trusts and companies limited by guarantee, rather than specific legislation.

The findings of the 2009 report 'Brokering Balance: A Public Interest Map for Queensland Government Bodies - An Independent Review of Queensland Government Boards, Committees and Statutory Authorities (WebberWeller Review)', as well as issues raised in relation to the accountability and governance of hospital foundations in Queensland, indicate that it is timely to review the options for the future structure of these organisations.

This paper examines the advantages and disadvantages of linking the objects of foundations to individual hospitals (the status quo); to Hospital and Health Services (HHSs); or to specific health issues or conditions.

There are a range of organisational structures that could support these linkages, each with different strengths and weaknesses.

The paper poses some key questions in the context of a review of hospital foundations in Queensland. The aim of the review is to seek feedback on:

- the core purpose or objects of hospital foundations; and
- the best organisational structure to support their intended purpose.

2. Introduction

There are 13 hospital foundations in Queensland, which have been established at various times over the past 30 years in response to requests from local community members. Hospital foundations in Queensland provide significant support for local hospitals through fundraising and providing grants for equipment, research, staff travel and professional development and the provision of facilities to support patients, staff and the community.

Queensland is the only jurisdiction where hospital foundations are established under a specific Act of Parliament. In other States foundations are established under State association incorporation laws, as companies limited by guarantee under corporations' law or as Charitable Trusts.

The environment in which hospital foundations operate has recently changed with the establishment of Hospital and Health Services (HHS) as independent statutory bodies to give greater local control over the management and delivery of public health services.

Changes in the regulatory environment of hospital foundations

The recently established Australian Charities and Not-for-profit Commission (ACNC) is the national regulator responsible for registering charities in order for them to access tax concessions from the Australian Tax Office and various concessions or exemptions from other Australian Government agencies.

All hospital foundations in Queensland were automatically registered as charities with the ACNC from 3 December 2012 and are subject to regulation by the ACNC. Once registered, charities have ongoing obligations including reporting, record keeping and compliance with governance standards from 1 July 2013. Registered charities will also be required to provide financial information in an Annual Information Statement to the ACNC and to have their financial reports audited from 2014. This is consistent with hospital foundations' annual reporting requirements to the Queensland Government under the *Financial Accountability Act 2009*.

The State Government is committed to streamlining bureaucracy and reducing the transaction costs of red tape. The aim is to ensure that the regulatory requirements on organisations including hospital foundations do not duplicate or add to the requirements imposed by the Commonwealth or other regulators.

The *Charities Act 2013* is intended to provide greater clarity for charities, the public and regulators in determining whether an entity is charitable and also to improving the sector's understanding of, and its access to, charitable tax concessions.

The statutory definition is not intended to affect the taxation treatment of charities. Hospital Foundations, as registered charities, will retain their income tax exemption and other tax benefits under the *Charities Act 2013*. Any potential change to the organisational structure of foundations recommended as a result of this review will need to consider the impact on their charitable status for taxation purposes.

Review of the Hospital Foundations Act 1982

The Webbe/Weller Review acknowledged the value of hospital foundations and that they had a "history of success for the betterment of health services". However, it also stated that the requirement to have board members appointed by the Governor in Council was an expensive administrative process and could also cause delays in filling vacancies.

The Webbe/Weller review posed the following threshold test question in relation to hospital foundations: should the Queensland Government undertake these fundraising activities that are locally run, successful, volunteer fundraisers supplementing government funded services?

The report considered that foundations did not meet this threshold test and recommended that hospital foundations move to an independent non-government charitable organisation model which:

- would preserve the value of local branding and fundraising achievements;
- upholds good governance and accountability to key stakeholders (donors, patients, local community and the associated hospital);
- has a clear charter of roles and responsibilities; but
- does not need the overlay of government bureaucracy.

In light of the Webbe/Weller Review, the Department of Health consulted with foundations on alternative governance models and ways to improve the Act, with the aim of:

- reducing unnecessary bureaucracy;
- providing the Minister with greater powers to direct a foundation in the public interest;
- strengthening foundations' governance and accountability; and
- modernising and streamlining the legislation.

Recent issues relating to governance in some hospital foundations, including suspected financial mismanagement, and unmanaged conflicts of interest, have raised concerns in relation to the Minister for Health's power under the current Act to intervene following the receipt of a complaint about the actions of a foundation, its members or employees. The Minister also has limited power to request an investigation of the activities of a foundation or to issue a direction to a foundation in the public interest.

The State Government's focus on reducing the burden of regulation also indicates that it is timely to reconsider alternative organisational structures for hospital foundations.

Changes to the health service delivery environment in Queensland

Implementation of health reform in Queensland has seen the establishment of Hospital and Health Services (HHS) as independent statutory bodies, and devolution of responsibility for the management of public health services to the local level.

This reorganisation includes the reform of support functions related to Hospital and Health Services. It is timely for the organisational structure of hospital foundations to be examined in the context of the most appropriate structure to support the identified priorities of relevant HHSs.

3. Object/purpose of the foundations

The core role of hospital foundations is to act as not for profit charitable organisations supporting public hospitals.

The objects for hospital foundations could be linked to either/and:

- individual hospitals – this represents the current arrangement (with the exception of Children's Health Foundation Queensland, which has a state-wide focus) where individual hospitals are able to target funds provided by hospital foundations to priority areas. The disadvantage of this model is that other health services within a Hospital and Health Service may not receive any benefit from the hospital foundations.
- Hospital and Health Services – the key benefit of this arrangement would be that funds raised by hospital foundations could be directed towards the priorities identified by a HHS for health services within their catchment area. This potentially offers benefits to more health services within a geographic area.
- health issues/conditions – an advantage to this linkage lies in the capacity it would offer to direct funds raised towards priorities related to services across the state for the treatment/prevention of particular health conditions. However, a disadvantage with this approach would be that there are already a number of charitable organisations that are successful in raising funds for particular health conditions (for example, the Asthma Foundation).

The current objects of foundations, which are lengthy, are listed at section 13 of the Act (Appendix 1). The 2011 review of the Act proposed that the objects should be consolidated to focus on acquiring, managing and applying property to:

- Improve and support any health service including by purchasing equipment or improving health facilities at an associated hospital;
- Provide financial support to hospital employees to pursue education or professional development activities relating to improving health services;
- Provide financial support to hospital employees to undertake research into health and medical research; and
- Do anything else that is likely to build a healthier community including preventative health programs.

Two issues raised during the consultation about the functions of hospital foundations in 2011 were:

- whether foundations should pursue their functions in a manner that is aligned with local health service priorities and whether the Act should expressly state that in performing its functions, a hospital foundation must have regard to local health service priorities.
- whether the functions should refer specifically to fundraising, as this is the principal activity of most foundations. Currently, section 15(1)(a) confers power on a hospital foundation to “to raise money by way of public appeals for subscriptions or contributions, subject to the *Collections Act 1966*”.

If a decision is made to retain the Act, there is potential to streamline the objects to reflect these core purposes. The objects should also assist foundations to obtain necessary Deductible Gift Recipient status with the Australian Tax Office.

If a decision is made to establish hospital foundations as non-government bodies, the constitution of a company limited by guarantee or incorporated association could reflect the objects, and for trusts, the objects would be set out in the trust deed.

4. Hospital Foundation revenue, costs and disbursements

Hospital foundations have a number of revenue streams including fundraising, commercial activities and investments. If their intended purpose is as outlined in the previous section (to raise funds to support their associated hospitals and health services), then it should follow that the maximum amount of available funds should be directed towards the priorities identified by the relevant Hospital and Health Service, as the organisation responsible for managing and delivering local public health services.

In Queensland, the State provides support for hospital foundations in the form of in-kind resources (through the use of public hospital infrastructure such as office space, peppercorn rents offered for management of coffee shops and car parks on hospital grounds) and occasional small grants.

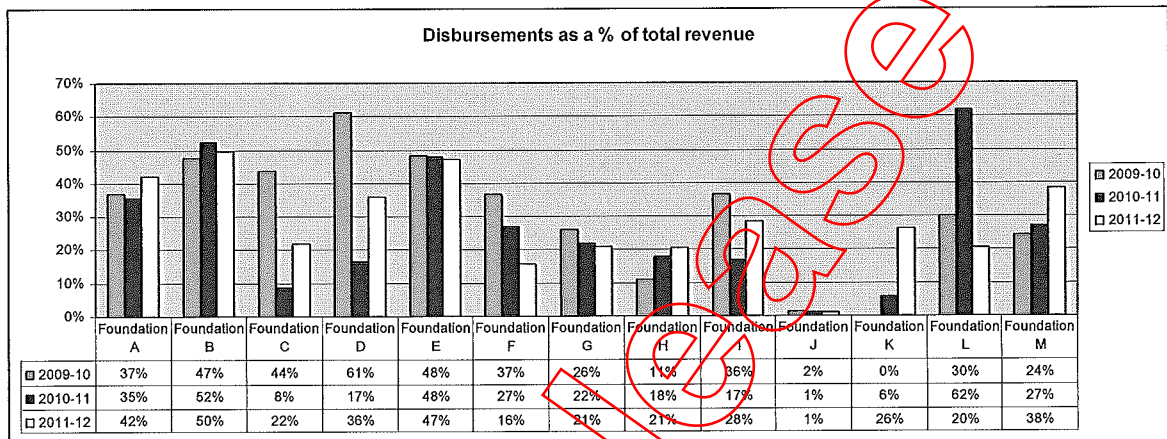
Six hospital foundations are responsible for the operation of hospital car parks; five operate cafes or food outlets on their hospital campuses; and five operate other business activities such as television hire schemes. However, the true costs of using these hospital assets are not fully accounted for or disclosed in the financial statements for hospital foundations.

All other revenue is raised by hospital foundations from charitable donations, investments and other income.

The introduction of the Australian Government's charities legislation and the possible treatment of "unrelated business activity" by charities for income tax purposes could significantly impact on the commercial activities currently undertaken by hospital foundations.

Table 1 shows the disbursement of funds by hospital foundations as a percentage of the total revenue raised for each of the three years to 2011-2012. The table shows that Foundation J has dispersed the lowest level of funding to their associated hospital (around 2%) over the past three years, while Foundation E and Foundation B achieved a consistent disbursement rate of around 50% of total revenue towards supporting their associated hospitals.

Table 1: Disbursements as a percentage of total hospital foundation revenue 2009-10 to 2011-2012



A preliminary analysis of data from hospital foundations' financial statements for the three years to 2011-2012 has been undertaken to identify the foundations' operating costs relative to the total revenue raised through fundraising and commercial activities. Table 2 shows the hospital foundations with the highest costs attributed to generating commercial revenue for the 2011-2012 year were Foundations K, C, and H.

Table 2 shows that costs related to commercial activities represent a greater proportion of the revenue generated through these activities, compared to the costs associated with fundraising and the revenue generated through those activities (Table 4). However, the financial statements of hospital foundations do not clearly identify all costs associated with these separate activities (i.e. cost of fundraising, cost of goods/services sold).

Table 2: Costs relating to commercial activities as a percentage of commercial revenue

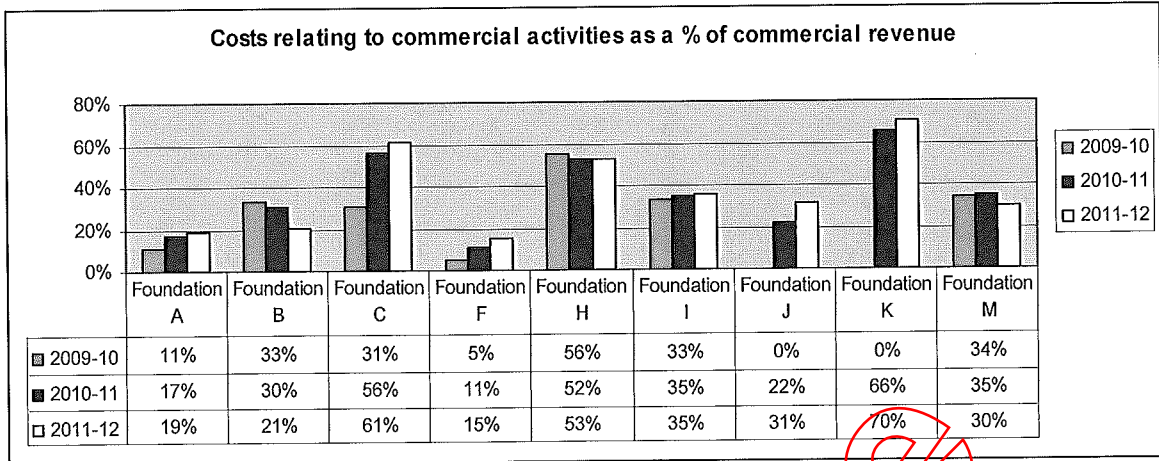


Table 3 shows that the revenue from commercial activities represents a significant proportion of total revenue for Foundations A (62%), I (61%), M (56%) and K (57%) for the 2011-2012 year.

Table 3: Commercial revenue as a percentage of total revenue

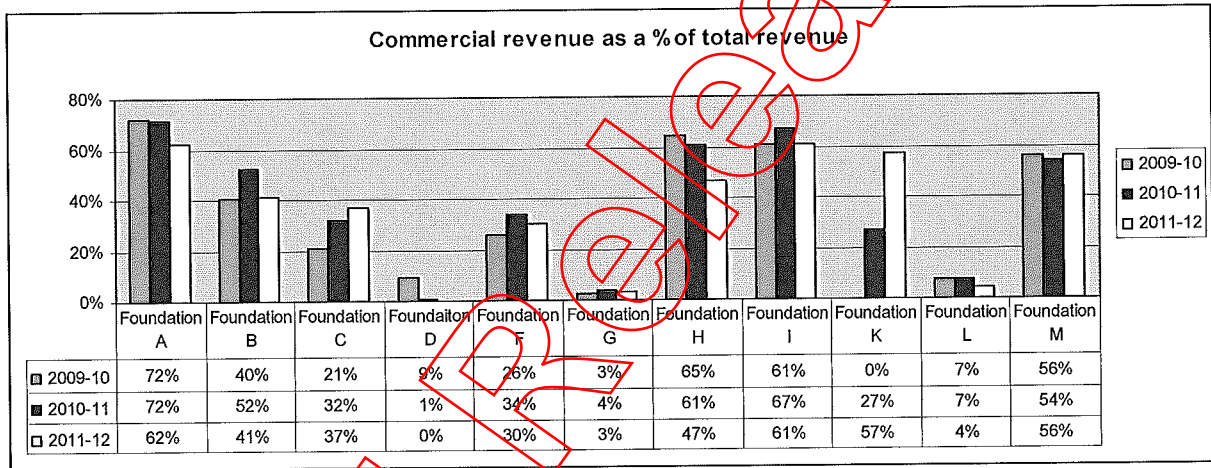
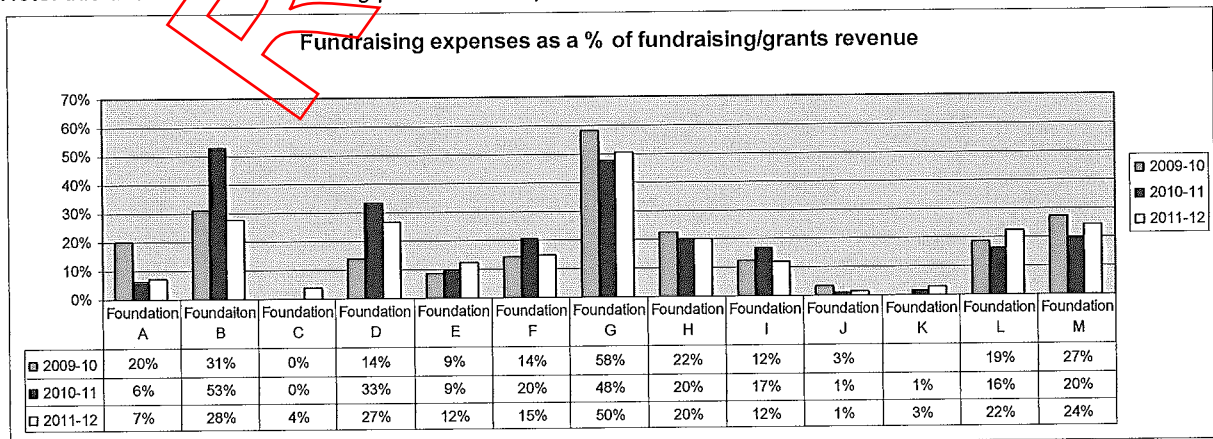


Table 4 shows the hospital foundations with the highest reported fundraising expenses as a percentage of fundraising and grants revenue in 2011-2012 were Foundations G, B, D, and M.

Table 4: Fundraising expenses as a percentage of fundraising/grants revenue

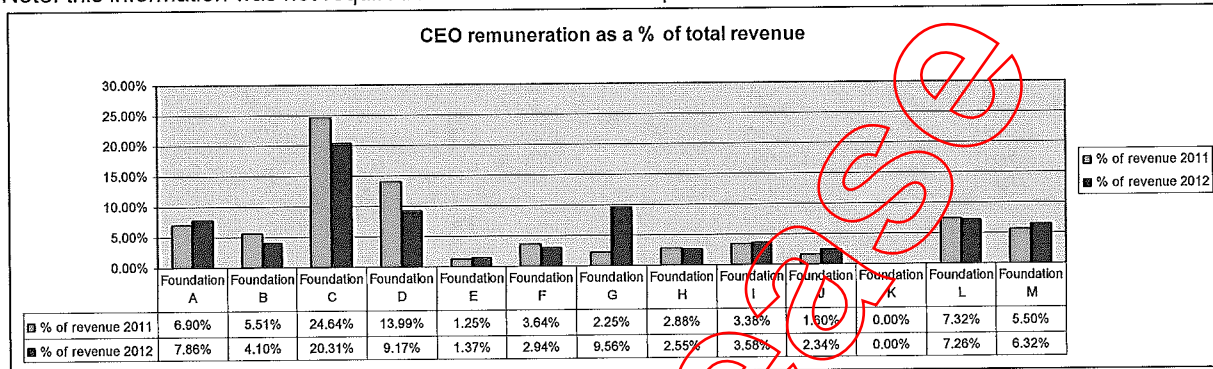
Note: this data includes advertising/promotional expenses.



While the available data indicate that the ratio of costs to revenue may reflect inefficiencies both within and between hospital foundations, these variations require further analysis to determine the factors which contribute to these differences.

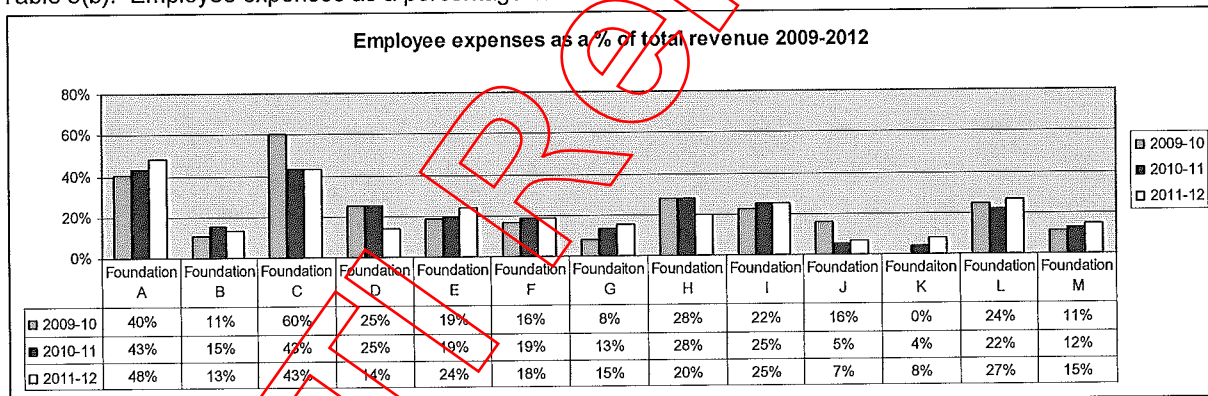
Tables 5(a) and 5(b) show the fixed costs associated with Chief Executive Officers and all staff employed by hospital foundations as a proportion of the total revenue received. This data reflects the relative size of each hospital foundation, and their capacity to raise revenue from a range of sources, with core staffing costs proportionally higher in smaller foundations.

Table 5(a): CEO remuneration as a percentage of total revenue
 Note: this information was not required in financial statements prior to 2010-2011.



Note: No data was available for Foundation K.

Table 5(b): Employee expenses as a percentage of total revenue 2009-2010 to 2011-2012



5. Options for Hospital Foundation Organisational Structures:

The following discussion outlines both government and non-government options for the organisational structure of hospital foundations.

a. Government options:

i. Retain a Hospital Foundations Act with current foundations

This option represents the status quo subject to a full review of the Act taking the amendments proposed below into account and incorporating more contemporary drafting to streamline the structure of the Act.

There are currently 13 hospital foundations in Queensland, established under the Act, which provides very broad functions, objects and powers under which foundations can operate. The members of foundations are appointed by the Governor in Council and receive no remuneration for their role.

Consultation by the Department of Health with hospital foundations in 2011 highlighted the need for the following amendments to the Act:

- Consolidating the description of foundations' objects.
- Clarifying the description of foundations' powers and providing greater clarity on those powers which require Ministerial approval.
- Amending the membership requirements, while retaining the requirement for diversity and appropriate skill mix.
- Removing Ministerial involvement in procedural matters for which the relevant Hospital and Health Service or departmental Chief Executive should have appropriate authority; and
- Removing provisions covered by other legislation.

Advantages:

- The hospital foundations in Queensland are well established and known in their local communities and by their current and potential donors.
- Individual hospitals benefit from the receipt of funds raised by hospital foundations.

Disadvantages:

- There have been complaints in recent years received by the Department of Health and previous Ministers about poor governance by foundation boards, suspected financial mismanagement, embezzlement, false declarations, sexual harassment and unmanaged conflicts of interest. The Auditor-General has also raised concerns in recent years about the financial management of some foundations. However, the governance of foundations lacks transparency to the general community, and the current Act provides limited powers for the Minister to act following the receipt of a complaint about the actions of a foundation, member or employee. The Minister also has limited power to request an investigation of the activities of a foundation or to issue a direction in the public interest in relation to the operations of a foundation.
- Although hospital foundations are expected to act in the interests of their community, community members do not have any obvious avenues through which they can express concerns about the operations of a foundation.
- There have been concerns raised regarding perceived conflicts of interest related to the allocation of research funding.
- Allocation of funding for hospital equipment can also be problematic when donor requests do not align with hospital or HHS priorities.

ii. Retain a Hospital Foundations Act with foundations linked to HHS

Under this option, the Act would be amended to establish new relationships between foundations and HHS and the Minister for Health.

This option could provide potential for improved effectiveness through the amalgamation of foundations within a HHS area (although this situation exists in Metro North HHS only). Another option is for the joint control by more than one HHS Board of a single foundation to provide funding and support for the health facilities under the control of those HHS Boards.

Amalgamation of hospital foundations within a HHS or across HHS boundaries offers potential benefits in terms of economies of scale in sharing operating and administration costs. This could maximise the funding applied to identified HHS priorities. If hospital foundations were amalgamated across HHS boundaries, there may be a need to establish criteria for access to funds in order to prevent potential conflicts between HHSs.

With the potential for the Australian Government to legislate to place an income tax liability on unrelated business income of charities, those foundations relying on commercial income to fund their administrative costs may have to identify alternative funding sources.

Implementation of this option could be undertaken in stages to reflect the needs and capacity of individual HHSs and their related foundations. As part of the transition process consideration could also be given to whether some or all of the commercial activities undertaken by current foundations could be transferred to the HHS.

In 2011, the Government commissioned a panel, led by Mr Simon McKeon, to conduct an independent review of health and medical research in Australia (*Strategic Review of health and Medical Research – Better Health through research*).

One of the key themes emerging from the review was the lack of a sufficiently strong connection between health and medical research and the delivery of healthcare services. This option would support a stronger connection between research funded by foundations and the identified research priorities of the relevant HHS.

Advantages

- The HHS Board could establish guidelines for the broad strategic research being funded by the foundation, to avoid the potential which currently exists for perceived conflicts of interest in relation to the allocation of research funding.

Disadvantages

- HHS Boards may not wish to take responsibility for establishing hospital foundations.
- There may be a perception in the community that by linking hospital foundations to the HHSs, that individual hospitals may not receive any benefit from funds raised by the foundation (and that they will be directed elsewhere in the health service), thereby decreasing donations?.

iii. Retain the Act with foundations linked to specific health conditions or issues

Advantages

There could be potential benefits to the public health system from hospital foundations being focused on particular priority health conditions or issues. Funds raised could then be distributed across HHSs towards these priorities in line with the objects of the foundations.

Disadvantages

There are a range of other non-statutory charitable organisations, such as the Cancer Council, and the Asthma, Heart, Arthritis and Diabetes Foundations, which have achieved considerable success in raising funds for research and public awareness on specific population health issues. They also receive a variety of State and federal government funds including grants and recurrent funding for particular activities.

The success of these organisations may be due in large part to their activities relating to single priority health issues that are clearly identifiable by, and marketable to, the public.

If foundations were to be linked to health conditions/issues they may be in direct competition with these organisations, which would be counterproductive in terms of potential fund raising revenue and the benefits to HHSs.

Under any of the government options above, HHSs as statutory bodies should be applying a greater level of competitive neutrality to outsourcing the commercial activities currently undertaken by hospital foundations (which are in fact separate legal entities to the HHS), as required under the Queensland Procurement Policy. For example, management of a hospital car park or retail precinct should be put to a competitive tender process, to which the hospital foundations would be able to apply on the basis of demonstrating equivalent business capability to any private sector operator. It is worth noting that any returns generated from such activity by a private sector operator would necessarily be retained by the company, rather than being returned to the public sector health system through the activity of foundations.

However, the implementation of competitive neutrality principles would remove some of the resource allocation distortions arising out of public ownership of significant business activities and improve competitive processes, noting it is possible that competition for such commercial activities would be decreased if hospital foundations were constituted and owned by HHSs themselves, as outlined in the non-government options below.

b. Non-government options

An alternative approach would be to repeal the governing legislation for hospital foundations and amend the *Hospital and Health Boards Act 2011* to provide for the establishment of companies limited by guarantee or trusts by HHS.

HHSs are statutory bodies under the *Financial Accountability Act 2009* and the *Statutory Bodies Financial Arrangements Act 1982*. The Treasurer's approval is required for a HHS to establish a separate company.

This option would provide a similar environment to that adopted in other jurisdictions where foundations are established as necessary using the usual legal arrangements open to other non-government organisations.

i. Companies limited by guarantee

A company limited by guarantee could be established by HHS as shareholders (either individually or collectively). This option would enable hospital foundations to become independent non-government charitable organisations incorporated under the Corporations Act 2001 as a Section 150 company (a public company limited by guarantee which is formed for purposes beneficial to the community and that prohibits payment of dividends to its members).

The members could be the Minister and Director-General or they could be from single or multiple HHSs. Other members could include universities, local government, and other community organisations or foundations. If a foundation was established by the HHS it would be expected that the company members would be associated with the HHS Board rather than the Department of Health or the Minister.

The key issue to be considered in relation to this option is the manner in which the company would be established and the identity of the members who would control the appointment of directors.

Advantages of company limited by guarantee structure

A key advantage of this structure is that it offers greater independence from Government for foundations. The HHS could be a member of the company, with the right to attend annual company meetings and to elect the company directors and agree the constitution.

This structure would reduce State government regulation and expose hospital foundations to the same rules as other corporate bodies.

Disadvantages of company limited by guarantee

If foundations were to become independent non-government organisations, foundation members would not have the statutory indemnity currently provided by section 40 of the Act and so become exposed to personal liability for the foundation's actions. However, it is noted that exposure to legal liability builds in accountability for decision making. A number of foundations have previously expressed the view that attracting members, who are unpaid, would be difficult in the absence of such an indemnity. The cost of purchasing directors' insurance may entail additional administrative costs for the new entities.

Hospital foundations could also be established as companies limited by guarantee with no State shareholding, removing all links to government and requiring foundations to operate under the same conditions as any purely private sector organisation.

ii. Trusts

An alternative form is for HHS to establish a trust structure. A trust involves a trustee holding assets in its/their own name for the benefit of a group of persons or entities (the beneficiaries).

Trusts are a popular form of business structure as they allow a flexible means of distributing income and assets and because they provide certain income tax savings by distributing income among tax advantaged beneficiaries.

The Queensland Museum Foundation has been established under a trust deed. Other foundations established within the Queensland public sector have generally been established under trust deeds including the Queensland Community Foundation, the Gladstone Foundation, and the ANZAC Day Trust Fund established in 1965, to which the Minister responsible for industrial relations appoints the chairperson. These trusts all manage funds donated to them to provide grants or other contributions for purposes identified in the trust deeds.

A trust does not have to pay income tax on profits (the excess of income less expenses), provided that the profits of the trust have been fully distributed to the beneficiaries in the relevant financial year. Trusts are relatively easy to establish and require a trust deed to be prepared with legal advice provided on the appropriate purposes for the trust deed.

The type of trust that would be most appropriate to the objects of the foundations would be a unit trust where beneficiaries own units in the trust, and the trustee is required to distribute the income to the unit holders in accordance with their respective unit holding in the trust. Like shareholders in a company, unit holders have a specific entitlement to a share of the income or property of the trust in accordance with their unit holding in the trust. Different classes of units may have the same or different rights and entitlements (as to share of income or capital, voting rights and preferential rights to interest or income) between them. This would be suited to the situation where there was one trust and a number of HHSs were beneficiaries.

Discretionary hybrid trusts can be established where the distribution is variable and is to be allocated to a number of different projects. This would be suited to the setup of an individual trust for each HHS.

If HHSs were to establish foundations as trusts, the two options for the role of trustee could include:

1. Chair of HHS as trustee. This option would enable the HHS Board to control the trust and ensure that the disbursements were aligned with the HHS's priorities as identified in the trust deed.
2. An independent person or corporate entity as trustee. This person or entity could be nominated/established by the relevant HHS or with the approval of the Minister. This option would have the advantage of the HHS being removed from the responsibilities of controlling the trust. However, the trust deed would need to be drafted in such a way to ensure that the income from the trust was distributed to the beneficiaries identified by the relevant HHS.

Advantages of a trust structure

- Can be tailored for individual circumstances
- Requires distribution of income in each financial year
- Can be relatively simple to operate
- The trustee holds the assets separately from the beneficiaries

Disadvantages of a trust structure

- Still needs either a corporate trustee or body to operate

- Changes in beneficiaries mean changes to the trust deed
- Lack of transparency by trustee

iii. Incorporated Associations

Another option is for hospital foundations to be established as incorporated associations under the *Associations Incorporation Act 1981*. This option is relatively inexpensive and simple to establish, compared to a company limited by guarantee. An incorporated association is a registered legal entity usually for recreational, cultural or charitable purposes with at least five members and all profits applied to the purposes of the association. It receives recognition as a legal entity separate from its members and offers some protection for office holders from any debts or liabilities incurred by the group as long as the association doesn't make a profit for its members.

An incorporated association has, in the exercise of its affairs, all the powers of an individual to:

- enter into contracts
- acquire, hold, deal with and dispose of property; and
- make charges for services and facilities it supplies; and
- do other things necessary or convenient to be done in carrying out its affairs.

Under section 25(3) of the *Associations Incorporation Act 1981* an incorporated association may also issue secured and unsecured notes, debentures and debenture stock for the association.

An application for incorporation of an association is made to the Director-General of the Queensland Department of Justice and Attorney-General.

Advantages of an incorporated association

- relatively cheap and easy to establish
- less regulation compared to companies limited by guarantee

Disadvantages

- only covers operations in one state
- not closely monitored in terms of compliance or governance

Additional Implementation Issues for non-Government options

If a decision is made to implement one of the non-government options presented in this paper, there are a number of significant implementation issues that would need to be addressed relating to the transition from current hospital foundations to new entities. These issues are outlined below:

- HHS would require the Queensland Treasurer's approval under the *Statutory Bodies Financial Arrangements Act 1982* (Qld) to establish a hospital foundation as a company limited by guarantee, trust or incorporated association if these entities require special investment, borrowing or specific financial arrangements. This is because there is no express power for an HHS to form a corporation under the *Hospital and Health Boards Act 2011*.

- The provisions of the *Hospital Foundations Act 1982* and the *Corporations Act 2001* will apply to voluntary/involuntary winding up procedures of hospital foundations.
- During wind up/dissolution of hospital foundations liabilities would be paid from existing cash reserves or from the proceeds of asset sales. The Governor in Council can direct the transfer or disposal of surplus assets to an entity with objects similar to those of the foundation.
- The terms of any existing foundation trusts and Australian Taxation Office rulings may prevent funds being transferred to new foundations or other entities, and would require case by case review.
- The State has no ability to direct a liquidator on which assets are to be sold, retained or transferred. The liquidator must act in the interests of the creditors.
- Foundation staff would not automatically transfer to a new entity and may result in an additional liability during wind up/dissolution.
- The *Hospital Foundations Act 1982* could be repealed following the establishment of the new foundations.

RTI Released

Summary of Options

Government Options	
Options	Key Features
i) Retain a Hospital Foundations Act with current foundations	This option represents the status quo subject to a full review of the Act.
ii. Retain a Hospital Foundations Act with foundations linked to HHS	<p>Under this option, the Act would be amended to establish new relationships between foundations and HHSs.</p> <p>This option could provide potential for improved effectiveness through the amalgamation of foundations.</p> <p>Another option is for the joint control by more than one HHS Board of a single foundation to provide funding and support for the health facilities under the control of those HHS Boards.</p>
iii. Retain the Act with foundations linked to specific health conditions or issues	<p>This option would see hospital foundations being focused on particular priority health conditions or issues.</p> <p>Funds raised could then be distributed across HHSs towards these priorities in line with the objects of the foundations.</p>

Non-government options	
An alternative approach would be to repeal the governing legislation for hospital foundations and amend the <i>Hospital and Health Boards Act 2011</i> to provide for the establishment of companies limited by guarantee or trusts by HHS or an independent person or entity.	
Options	Key Features
i. Companies limited by guarantee	This option would enable hospital foundations to become independent non-government charitable organisations incorporated under the <i>Corporations Act 2001</i> as a Section 150 company (a public company limited by guarantee which is formed for purposes beneficial to the community and that prohibits payment of dividends to its members).
ii. Trusts	A trust involves a trustee holding assets in its/their own name for the benefit of a group of persons or entities (the beneficiaries). The trustee could be either the HHS or an independent person or corporate entity as trustee.
iii. Incorporated Associations	Under the <i>Associations Incorporation Act 1981</i> an incorporated association is a registered legal entity usually for recreational, cultural or charitable purposes with at least five members and all profits applied to the purpose of the association.



Hon Lawrence Springborg MP
Minister for Health

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Mrs Janet Tallon
Chairperson
Bundaberg Health Services Foundation
PO Box 34
BUNDABERG NORTH QLD 4670

9 SEP 2013

Dear Mrs Tallon

I am writing to you in relation to a review of hospital foundations in Queensland. The review aims to seek feedback from hospital foundations, Hospital and Health Services and other stakeholders, on the core purpose or objects of hospital foundations and the best organisational structure to support their intended purpose.

As I indicated to you at the Hospital Foundations Forum held in March 2013, I remain committed to ensuring that the important role which the foundations play in supporting the provision of public health services, continues into the future. This review is about finding a better structure for hospital foundations to fit their role in providing funds to public hospitals and health services.

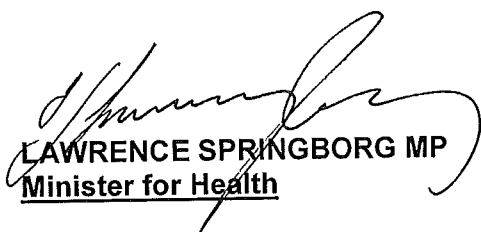
Enclosed is an Options Paper which outlines the advantages and disadvantages of a number of potential organisational structures for hospital foundations. I am interested in hearing your views on the merits of these options, and on a preferred model for hospital foundations.

The Office of Health Statutory Agencies will be attending the Hospital Foundations Forum to be held in Brisbane on 27 September 2013, to provide an opportunity for you to give feedback in person, and to discuss the issues raised in the Options Paper. The Office of Statutory Agencies staff can also arrange to meet with your hospital foundation separately if this is your preference.

You are also invited to provide written feedback via email at statutoryagencies@health.qld.gov by close of business 4 October 2013.

Should you require any further information in relation to this matter, I have arranged for Mr Mark Tuohy, Acting Director, Office of Health Statutory Agencies, System Policy and Performance Division, Department of Health, on telephone to be available to assist you.

Yours sincerely


LAWRENCE SPRINGBORG MP
Minister for Health

Prepared by: Juliet Dawson
Manager
Office of Health Statutory Agencies
[redacted]
26 August 2013

Submitted through: Mark Tuohy
Acting Director
Office of Health Statutory Agencies
[redacted]
26 August 2013

Submitted through: Mark Tuohy for Susanne Le Boutillier
Senior Director
Governance, Relationships, Improvement and Priorities Branch
[redacted]
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Cleared by: Philip Davies
Deputy Director-General
System Policy and Performance
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30 August 2013

RTI Release



Hon Lawrence Springborg MP
Minister for Health

MI192321

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Mr Bruce Cowley
Chairperson
Children's Health Foundation Queensland
PO Box 99
HERSTON QLD 4029

9 SEP 2013

Dear Mr Cowley

I am writing to you in relation to a review of hospital foundations in Queensland. The review aims to seek feedback from hospital foundations, Hospital and Health Services and other stakeholders, on the core purpose or objects of hospital foundations and the best organisational structure to support their intended purpose.

As I indicated to you at the Hospital Foundations Forum held in March 2013, I remain committed to ensuring that the important role which the foundations play in supporting the provision of public health services, continues into the future. This review is about finding a better structure for hospital foundations to fit their role in providing funds to public hospitals and health services.

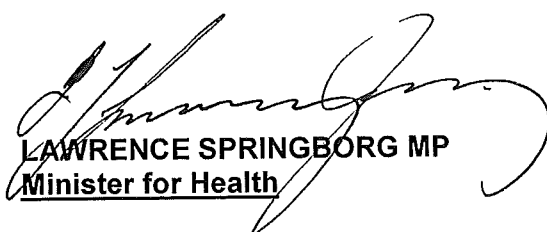
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You are also invited to provide written feedback via email at statutoryagencies@health.qld.gov.au by close of business 4 October 2013.

Should you require any further information in relation to this matter, I have arranged for Mr Mark Tuohy, Acting Director, Office of Health Statutory Agencies, System Policy and Performance Division, Department of Health, on telephone to be available to assist you.

Yours sincerely


LAWRENCE SPRINGBORG MP
Minister for Health

Prepared by: Juliet Dawson
Manager
Office of Health Statutory Agencies
[redacted]
26 August 2013

Submitted through: Mark Tuohy
Acting Director
Office of Health Statutory Agencies
[redacted]
26 August 2013

Submitted through: Mark Tuohy for Susanne Le Boutillier
Senior Director
Governance, Relationships, Improvement and Priorities Branch
[redacted]
30 August 2013

Cleared by: Philip Davies
Deputy Director-General
System Policy and Performance
[redacted]
30 August 2013

RTI Release



Hon Lawrence Springborg MP
Minister for Health

MI192322

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Email health@ministerial.qld.gov.au

Dr Ken Chapman
Chairperson
Far North Queensland Hospital Foundation
PO Box 957
CAIRNS QLD 4870

9 SEP 2013

Dear Dr Chapman *Ken*

I am writing to you in relation to a review of hospital foundations in Queensland. The review aims to seek feedback from hospital foundations, Hospital and Health Services and other stakeholders, on the core purpose or objects of hospital foundations and the best organisational structure to support their intended purpose.

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Yours sincerely


LAWRENCE SPRINGBORG MP
Minister for Health

Prepared by: Juliet Dawson
Manager
Office of Health Statutory Agencies
[redacted]
26 August 2013

Submitted through: Mark Tuohy
Acting Director
Office of Health Statutory Agencies
[redacted]
26 August 2013

Submitted through: Mark Tuohy for Susanne Le Boutillier
Senior Director
Governance, Relationships, Improvement and Priorities Branch
[redacted]
30 August 2013

Cleared by: Philip Davies
Deputy Director-General
System Policy and Performance
[redacted]
30 August 2013

RTI Release



Hon Lawrence Springborg MP
Minister for Health

MI192323

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Mr Gary Baidon
Chairperson
Gold Coast Hospital Foundation
PO Box 902
SOUTHPORT QLD 4215

9 SEP 2013

Dear Mr Baidon

I am writing to you in relation to a review of hospital foundations in Queensland. The review aims to seek feedback from hospital foundations, Hospital and Health Services and other stakeholders, on the core purpose or objects of hospital foundations and the best organisational structure to support their intended purpose.

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Yours sincerely

LAWRENCE SPRINGBORG MP
Minister for Health

Prepared by: Juliet Dawson
Manager
Office of Health Statutory Agencies
[redacted]
26 August 2013

Submitted through: Mark Tuohy
Acting Director
Office of Health Statutory Agencies
[redacted]
26 August 2013

Submitted through: Mark Tuohy for Susanne Le Boutillier
Senior Director
Governance, Relationships, Improvement and Priorities Branch
[redacted]
30 August 2013

Cleared by: Philip Davies
Deputy Director-General
System Policy and Performance
[redacted]
30 August 2013

RTI Release



Hon Lawrence Springborg MP
Minister for Health

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Mr Neil Harding
Chairperson
Ipswich Hospital Foundation
PO Box 878
IPSWICH QLD 4035

9 SEP 2013

Dear Mr Harding *Neil*

I am writing to you in relation to a review of hospital foundations in Queensland. The review aims to seek feedback from hospital foundations, Hospital and Health Services and other stakeholders, on the core purpose or objects of hospital foundations and the best organisational structure to support their intended purpose.

As I indicated to you at the Hospital Foundations Forum held in March 2013, I remain committed to ensuring that the important role which the foundations play in supporting the provision of public health services, continues into the future. This review is about finding a better structure for hospital foundations to fit their role in providing funds to public hospitals and health services.

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Yours sincerely


LAWRENCE SPRINGBORG MP
Minister for Health

Prepared by: Juliet Dawson
Manager
Office of Health Statutory Agencies
[redacted]
26 August 2013

Submitted through: Mark Tuohy
Acting Director
Office of Health Statutory Agencies
[redacted]
26 August 2013

Submitted through: Mark Tuohy for Susanne Le Boutillier
Senior Director
Governance, Relationships, Improvement and Priorities Branch
[redacted]
30 August 2013

Cleared by: Philip Davies
Deputy Director-General
System Policy and Performance
[redacted]
30 August 2013

RTI Release



Hon Lawrence Springborg MP
Minister for Health

MI192325

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Ms Antoinette Morton
Chairperson
Mackay Hospital Foundation
PO Box 6011
MACKAY MAIL CENTRE QLD 4741

9 SEP 2013

Dear Ms Morton

I am writing to you in relation to a review of hospital foundations in Queensland. The review aims to seek feedback from hospital foundations, Hospital and Health Services and other stakeholders, on the core purpose or objects of hospital foundations and the best organisational structure to support their intended purpose.

As I indicated to you at the Hospital Foundations Forum held in March 2013, I remain committed to ensuring that the important role which the foundations play in supporting the provision of public health services, continues into the future. This review is about finding a better structure for hospital foundations to fit their role in providing funds to public hospitals and health services.

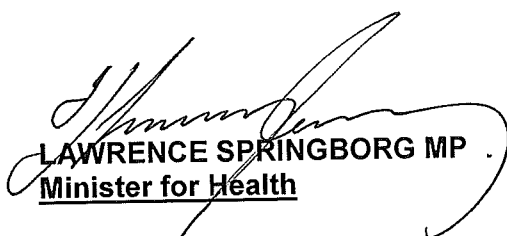
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Yours sincerely


LAWRENCE SPRINGBORG MP
Minister for Health

Prepared by: Juliet Dawson
Manager
Office of Health Statutory Agencies
[redacted]
26 August 2013

Submitted through: Mark Tuohy
Acting Director
Office of Health Statutory Agencies
[redacted]
26 August 2013

Submitted through: Mark Tuohy for Susanne Le Boutillier
Senior Director
Governance, Relationships, Improvement and Priorities Branch
[redacted]
30 August 2013

Cleared by: Philip Davies
Deputy Director-General
System Policy and Performance
[redacted]
30 August 2013

RTI Release



Hon Lawrence Springborg MP
Minister for Health

MI192326

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Mr Robert Bowen
Chairperson
PA Research Foundation
Building 15, Ground Floor
199 Ipswich Road
WOOLLOONGABBA QLD 4102

9 SEP 2013

Dear Mr Bowen

I am writing to you in relation to a review of hospital foundations in Queensland. The review aims to seek feedback from hospital foundations, Hospital and Health Services and other stakeholders, on the core purpose or objects of hospital foundations and the best organisational structure to support their intended purpose.

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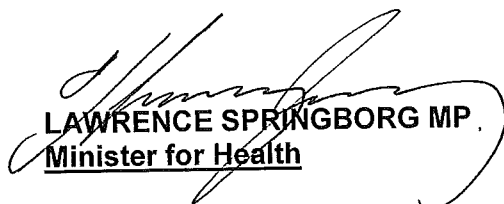
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Yours sincerely


LAWRENCE SPRINGBORG MP
Minister for Health

Prepared by: Juliet Dawson
Manager
Office of Health Statutory Agencies
[redacted]
26 August 2013

Submitted through: Mark Tuohy
Acting Director
Office of Health Statutory Agencies
[redacted]
26 August 2013

Submitted through: Mark Tuohy for Susanne Le Boutillier
Senior Director
Governance, Relationships, Improvement and Priorities Branch
[redacted]
30 August 2013

Cleared by: Philip Davies
Deputy Director-General
System Policy and Performance
[redacted]
30 August 2013

RTI Release



Hon Lawrence Springborg MP
Minister for Health

MI192327

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Email health@ministerial.qld.gov.au

The Honourable Warwick Parer AM
Chairperson
Royal Brisbane and Women's Hospital Foundation
PO Box 94
HERSTON QLD 4029

9 SEP 2013

Dear Mr Parer *Warwick*

I am writing to you in relation to a review of hospital foundations in Queensland. The review aims to seek feedback from hospital foundations, Hospital and Health Services and other stakeholders, on the core purpose or objects of hospital foundations and the best organisational structure to support their intended purpose.

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Yours sincerely


LAWRENCE SPRINGBORG MP
Minister for Health

Prepared by: Juliet Dawson
Manager
Office of Health Statutory Agencies
[redacted]
26 August 2013

Submitted through: Mark Tuohy
Acting Director
Office of Health Statutory Agencies
[redacted]
26 August 2013

Submitted through: Mark Tuohy for Susanne Le Boutillier
Senior Director
Governance, Relationships, Improvement and Priorities Branch
[redacted]
30 August 2013

Cleared by: Philip Davies
Deputy Director-General
System Policy and Performance
[redacted]
30 August 2013

RTI Release



Hon Lawrence Springborg MP
Minister for Health

MI192328

Mr Mike Kelly
Chairperson
Sunshine Coast Health Foundation
PO Box 2610
NAMBOUR WEST QLD 4560

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147-163 Charlotte Street Brisbane
GPO Box 48 Brisbane
Queensland 4001 Australia
Telephone +61 7 3234 1191
Facsimile +61 7 3229 0444
Email health@ministerial.qld.gov.

9 SEP 2013

Dear Mr Kelly

I am writing to you in relation to a review of hospital foundations in Queensland. The review aims to seek feedback from hospital foundations, Hospital and Health Services and other stakeholders, on the core purpose or objects of hospital foundations and the best organisational structure to support their intended purpose.

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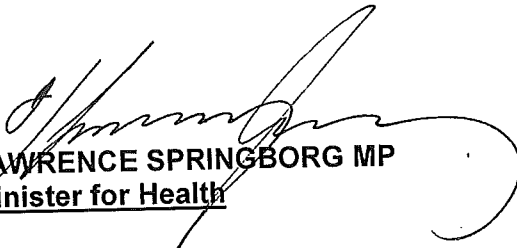
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Yours sincerely


LAWRENCE SPRINGBORG MP
Minister for Health

Prepared by: Juliet Dawson
Manager
Office of Health Statutory Agencies
[redacted]
26 August 2013

Submitted through: Mark Tuohy
Acting Director
Office of Health Statutory Agencies
[redacted]
26 August 2013

Submitted through: Mark Tuohy for Susanne Le Boutillier
Senior Director
Governance, Relationships, Improvement and Priorities Branch
[redacted]
30 August 2013

Cleared by: Philip Davies
Deputy Director-General
System Policy and Performance
[redacted]
30 August 2013

RTI Release



Hon Lawrence Springborg MP
Minister for Health

MI192329

Mr Raymond Taylor
Chairperson
Toowoomba Hospital Foundation
PO Box 7646
TOOWOOMBA MAIL CENTRE QLD 4352

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147-163 Charlotte Street Brisbane 4000
GPO Box 48 Brisbane
Queensland 4001 Australia
Telephone +61 7 3234 1191
Facsimile +61 7 3229 0444
Email health@ministerial.qld.gov.au

9 SEP 2013

Dear Mr Taylor

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Yours sincerely


LAWRENCE SPRINGBORG MP
Minister for Health

Prepared by: Juliet Dawson
Manager
Office of Health Statutory Agencies
[redacted]
26 August 2013

Submitted through: Mark Tuohy
Acting Director
Office of Health Statutory Agencies
[redacted]
26 August 2013

Submitted through: Mark Tuohy for Susanne Le Boutillier
Senior Director
Governance, Relationships, Improvement and Priorities Branch
[redacted]
30 August 2013

Cleared by: Philip Davies
Deputy Director-General
System Policy and Performance
[redacted]
30 August 2013

RTI Release



Hon Lawrence Springborg MP
Minister for Health

MI192330

The Honourable Justice Stuart Durward
Chairperson
Townsville Hospital Foundation
IMB 84
PO Box 670
TOWNSVILLE QLD 4810

Level 19
147-163 Charlotte Street Brisbane 4000
GPO Box 48 Brisbane
Queensland 4001 Australia
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Email health@ministerial.qld.gov.au

9 SEP 2013

Dear Justice Durward

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Yours sincerely


LAWRENCE SPRINGBORG MP
Minister for Health

Prepared by: Juliet Dawson
Manager
Office of Health Statutory Agencies
[redacted]
26 August 2013

Submitted through: Mark Tuohy
Acting Director
Office of Health Statutory Agencies
[redacted]
26 August 2013

Submitted through: Mark Tuohy for Susanne Le Boutillier
Senior Director
Governance, Relationships, Improvement and Priorities Branch
[redacted]
30 August 2013

Cleared by: Philip Davies
Deputy Director-General
System Policy and Performance
[redacted]
30 August 2013

RTI Release



Hon Lawrence Springborg MP
Minister for Health

MI192331

Mr Bernard Curran
Chairperson
The Prince Charles Hospital Foundation
Level 1, 627 Rode Road
CHERMSIDE QLD 4032

Level 19
147-163 Charlotte Street Brisbane 4000
GPO Box 48 Brisbane
Queensland 4001 Australia
Telephone +61 7 3234 1191
Facsimile +61 7 3229 0444
Email health@ministerial.qld.gov.au

9 SEP 2013

Dear Mr Curran

I am writing to you in relation to a review of hospital foundations in Queensland. The review aims to seek feedback from hospital foundations, Hospital and Health Services and other stakeholders on the core purpose or objects of hospital foundations and the best organisational structure to support their intended purpose.

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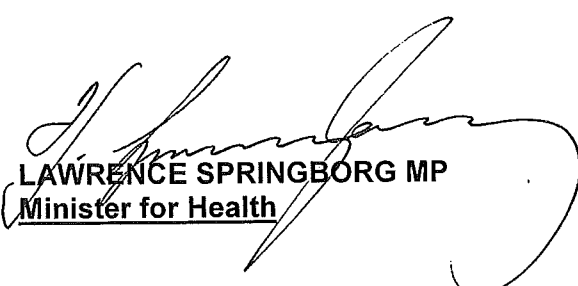
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Yours sincerely


LAWRENCE SPRINGBORG MP
Minister for Health

Prepared by: Juliet Dawson
Manager
Office of Health Statutory Agencies
[redacted]
26 August 2013

Submitted through: Mark Tuohy
Acting Director
Office of Health Statutory Agencies
[redacted]
26 August 2013

Submitted through: Mark Tuohy for Susanne Le Boutillier
Senior Director
Governance, Relationships, Improvement and Priorities Branch
[redacted]
30 August 2013

Cleared by: Philip Davies
Deputy Director-General
System Policy and Performance
[redacted]
30 August 2013

RTI Release



Hon Lawrence Springborg MP
Minister for Health

MI192332

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Email health@ministerial.qld.gov.au

Mr Robert Norman
Chair
Cairns and Hinterland Hospital and Health Board
PO Box 902
CAIRNS QLD 4870

9 SEP 2013

Dear Mr Norman *Bob*

I am writing to you in relation to a review of hospital foundations in Queensland. The review aims to seek feedback from hospital foundations and Hospital and Health Services, on the core purpose or objects of hospital foundations and the best organisational structure to support their intended purpose.

I am committed to ensuring that the important role which the foundations play in supporting the provision of public health services, continues into the future. This review is about finding a better structure for hospital foundations to fit their role in providing funds to support Hospital and Health Services.

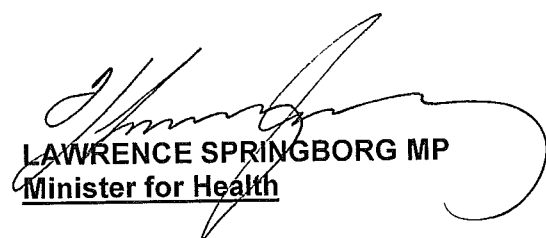
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The Office of Health Statutory Agencies is arranging a teleconference to provide an opportunity for you to give feedback to me with other Hospital and Health Board chairs, and to discuss the issues raised in the Options Paper.

You are also invited to provide written feedback via email to statutoryagencies@health.qld.gov.au by close of business 4 October 2013.

Should you require any further information in relation to this matter, I have arranged for Mr Mark Tuohy, Acting Director, Office of Health Statutory Agencies, System Policy and Performance Division, Department of Health, on telephone to be available to assist you.

Yours sincerely


LAWRENCE SPRINGBORG MP
Minister for Health

Prepared by: Juliet Dawson
Manager
Office of Health Statutory Agencies
[redacted]
27 August 2013

Submitted through: Mark Tuohy
Acting Director
Office of Health Statutory Agencies
[redacted]
27 August 2013

Submitted through: Mark Tuohy for Susanne Le Boutillier
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Governance, Relationships, Improvement and Priorities Branch
[redacted]
30 August 2013

Cleared by: Philip Davies
Deputy Director-General
System Policy and Performance
[redacted]
30 August 2013

RTI Release



Hon Lawrence Springborg MP
Minister for Health

MI192333

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Telephone +61 7 3234 1191
Facsimile +61 7 3229 0444
Email health@ministerial.qld.gov.a

Mr Robert McCarthy
Chair
Cape York Hospital and Health Board
PO Box 341
WEIPA QLD 4874

9 SEP 2013

Dear Mr McCarthy *Bob*

I am writing to you in relation to a review of hospital foundations in Queensland. The review aims to seek feedback from hospital foundations and Hospital and Health Services, on the core purpose or objects of hospital foundations and the best organisational structure to support their intended purpose.

I am committed to ensuring that the important role which the foundations play in supporting the provision of public health services, continues into the future. This review is about finding a better structure for hospital foundations to fit their role in providing funds to support Hospital and Health Services.

Enclosed is an Options Paper which outlines the advantages and disadvantages of a number of potential organisational structures for hospital foundations. I am interested in hearing your views on the merits of these options, and on a preferred model for hospital foundations.

The Office of Health Statutory Agencies is arranging a teleconference to provide an opportunity for you to give feedback to me with other Hospital and Health Board chairs, and to discuss the issues raised in the Options Paper.

You are also invited to provide written feedback via email to statutoryagencies@health.qld.gov.au by close of business 4 October 2013.

Should you require any further information in relation to this matter, I have arranged for Mr Mark Tuohy, Acting Director, Office of Health Statutory Agencies, System Policy and Performance Division, Department of Health, on telephone to be available to assist you.

Yours sincerely


LAWRENCE SPRINGBORG MP
Minister for Health

Prepared by: Juliet Dawson
Manager
Office of Health Statutory Agencies
[redacted]
27 August 2013

Submitted through: Mark Tuohy
Acting Director
Office of Health Statutory Agencies
[redacted]
27 August 2013

Submitted through: Mark Tuohy for Susanne Le Boutillier
Senior Director
Governance, Relationships, Improvement and Priorities Branch
[redacted]
30 August 2013

Cleared by: Philip Davies
Deputy Director-General
System Policy and Performance
[redacted]
30 August 2013

RTI Released



Hon Lawrence Springborg MP
Minister for Health

MI192334

Mr Charles Ware
Chair
Central Queensland Hospital and Health Board
PO Box 871
ROCKHAMPTON QLD 4700

Level 19
147-163 Charlotte Street Brisbane 4000
GPO Box 48 Brisbane
Queensland 4001 Australia
Telephone +61 7 3234 1191
Facsimile +61 7 3229 0444
Email health@ministerial.qld.gov.au

9 SEP 2013

Dear Mr Ware *Charles*

I am writing to you in relation to a review of hospital foundations in Queensland. The review aims to seek feedback from hospital foundations and Hospital and Health Services, on the core purpose or objects of hospital foundations and the best organisational structure to support their intended purpose.

I am committed to ensuring that the important role which the foundations play in supporting the provision of public health services, continues into the future. This review is about finding a better structure for hospital foundations to fit their role in providing funds to support Hospital and Health Services.

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Yours sincerely


LAWRENCE SPRINGBORG MP
Minister for Health

Prepared by: Juliet Dawson
Manager
Office of Health Statutory Agencies
[redacted]
27 August 2013

Submitted through: Mark Tuohy
Acting Director
Office of Health Statutory Agencies
[redacted]
27 August 2013

Submitted through: Mark Tuohy for Susanne Le Boutillier
Senior Director
Governance, Relationships, Improvement and Priorities Branch
[redacted]
30 August 2013

Cleared by: Philip Davies
Deputy Director-General
System Policy and Performance
[redacted]
30 August 2013

RTI Release



Hon Lawrence Springborg MP
Minister for Health

MI192335

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147-163 Charlotte Street Brisbane 4000
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Email health@ministerial.qld.gov.au

Mr Edward Warren
Chair
Central West Hospital and Health Board
PO Box 510
LONGREACH QLD 4730

9 SEP 2013

Dear Mr Warren *Ed*

I am writing to you in relation to a review of hospital foundations in Queensland. The review aims to seek feedback from hospital foundations and Hospital and Health Services, on the core purpose or objects of hospital foundations and the best organisational structure to support their intended purpose.

I am committed to ensuring that the important role which the foundations play in supporting the provision of public health services, continues into the future. This review is about finding a better structure for hospital foundations to fit their role in providing funds to support Hospital and Health Services.

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Yours sincerely


LAWRENCE SPRINGBORG MP
Minister for Health

Prepared by: Juliet Dawson
Manager
Office of Health Statutory Agencies
[redacted]
27 August 2013

Submitted through: Mark Tuohy
Acting Director
Office of Health Statutory Agencies
[redacted]
27 August 2013

Submitted through: Mark Tuohy for Susanne Le Boutillier
Senior Director
Governance, Relationships, Improvement and Priorities Branch
[redacted]
30 August 2013

Cleared by: Philip Davies
Deputy Director-General
System Policy and Performance
[redacted]
30 August 2013

RTI Released



Hon Lawrence Springborg MP
Minister for Health

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147-163 Charlotte Street Brisbane 4000
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Email health@ministerial.qld.gov.au

MI192336

Ms Susan Johnston
Chair
Children's Health Queensland Hospital and Health Board
GPO Box 48
BRISBANE QLD 4001

8 SEP 2013

Dear Ms Johnston *Susan*

I am writing to you in relation to a review of hospital foundations in Queensland. The review aims to seek feedback from hospital foundations and Hospital and Health Services, on the core purpose or objects of hospital foundations and the best organisational structure to support their intended purpose.

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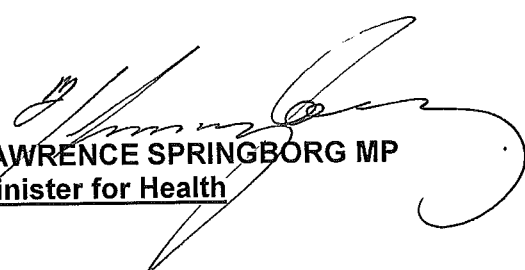
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Yours sincerely


LAWRENCE SPRINGBORG MP
Minister for Health

Prepared by: Juliet Dawson
Manager
Office of Health Statutory Agencies
[redacted]
27 August 2013

Submitted through: Mark Tuohy
Acting Director
Office of Health Statutory Agencies
[redacted]
27 August 2013

Submitted through: Mark Tuohy for Susanne Le Boutillier
Senior Director
Governance, Relationships, Improvement and Priorities Branch
[redacted]
30 August 2013

Cleared by: Philip Davies
Deputy Director-General
System Policy and Performance
[redacted]
30 August 2013

RTI Release



Hon Lawrence Springborg MP
Minister for Health

MI192337

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147-163 Charlotte Street Brisbane 4000
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Email health@ministerial.qld.gov.au

Mr Mike Horan
Chair
Darling Downs Hospital and Health Board
PO Box 405
TOOWOOMBA QLD 4350

9 SEP 2013

Dear Mr Horan *make*

I am writing to you in relation to a review of hospital foundations in Queensland. The review aims to seek feedback from hospital foundations and Hospital and Health Services, on the core purpose or objects of hospital foundations and the best organisational structure to support their intended purpose.

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Yours sincerely


LAWRENCE SPRINGBORG MP
Minister for Health

Prepared by: Juliet Dawson
Manager
Office of Health Statutory Agencies
[redacted]
27 August 2013

Submitted through: Mark Tuohy
Acting Director
Office of Health Statutory Agencies
[redacted]
27 August 2013

Submitted through: Mark Tuohy for Susanne Le Boutillier
Senior Director
Governance, Relationships, Improvement and Priorities Branch
[redacted]
30 August 2013

Cleared by: Philip Davies
Deputy Director-General
System Policy and Performance
[redacted]
30 August 2013

RTI Release



Hon Lawrence Springborg MP
Minister for Health

MI192338

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Email health@ministerial.qld.gov.au

Mr Ian Langdon
Chair
Gold Coast Hospital and Health Board
C/- Gold Coast Hospital
108 Nerang Street
SOUTHPORT QLD 4215

9 SEP 2013

Dear Mr Langdon *Law*

I am writing to you in relation to a review of hospital foundations in Queensland. The review aims to seek feedback from hospital foundations and Hospital and Health Services, on the core purpose or objects of hospital foundations and the best organisational structure to support their intended purpose.

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Yours sincerely

Lawrence Springborg
LAWRENCE SPRINGBORG MP
Minister for Health



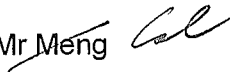
Hon Lawrence Springborg MP
Minister for Health

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147-163 Charlotte Street Brisbane 4000
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Email health@ministerial.qld.gov.au

MI192339

Mr Colin Meng
Chair
Mackay Hospital and Health Board
PO Box 5580
MACKAY MAIL CENTRE QLD 4741

9 SEP 2013

Dear Mr Meng 

I am writing to you in relation to a review of hospital foundations in Queensland. The review aims to seek feedback from hospital foundations and Hospital and Health Services, on the core purpose or objects of hospital foundations and the best organisational structure to support their intended purpose.

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Yours sincerely


LAWRENCE SPRINGBORG MP
Minister for Health

Prepared by: Juliet Dawson
Manager
Office of Health Statutory Agencies
[redacted]
27 August 2013

Submitted through: Mark Tuohy
Acting Director
Office of Health Statutory Agencies
[redacted]
27 August 2013

Submitted through: Mark Tuohy for Susanne Le Boutillier
Senior Director
Governance, Relationships, Improvement and Priorities Branch
[redacted]
30 August 2013

Cleared by: Philip Davies
Deputy Director-General
System Policy and Performance
[redacted]
30 August 2013

RTI Released



Hon Lawrence Springborg MP
Minister for Health

MI192340

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Email health@ministerial.qld.gov.

Dr Paul Alexander AO
Chair
Metro North Hospital and Health Board
PO Box 150
RBWH Post Office
HERSTON QLD 4029

9 SEP 2013

Dear Dr Alexander *Paul*

I am writing to you in relation to a review of hospital foundations in Queensland. The review aims to seek feedback from hospital foundations and Hospital and Health Services, on the core purpose or objects of hospital foundations and the best organisational structure to support their intended purpose.

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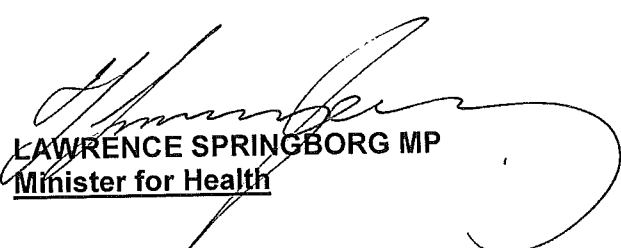
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Yours sincerely


LAWRENCE SPRINGBORG MP
Minister for Health

Prepared by: Juliet Dawson
Manager
Office of Health Statutory Agencies
[redacted]
27 August 2013

Submitted through: Mark Tuohy
Acting Director
Office of Health Statutory Agencies
[redacted]
27 August 2013

Submitted through: Mark Tuohy for Susanne Le Boutillier
Senior Director
Governance, Relationships, Improvement and Priorities Branch
[redacted]
30 August 2013

Cleared by: Philip Davies
Deputy Director-General
System Policy and Performance
[redacted]
30 August 2013

RTI Release



Hon Lawrence Springborg MP
Minister for Health

MI192341

Mr Terry White AO
Chair
Metro South Hospital and Health Board
PO Box 4043
EIGHT MILE PLAINS QLD 4113

Level 19
147-163 Charlotte Street Brisbane 4000
GPO Box 48 Brisbane
Queensland 4001 Australia
Telephone +61 7 3234 1191
Facsimile +61 7 3229 0444
Email health@ministerial.qld.gov.au

9 SEP 2013

Dear Mr White *Terry*

I am writing to you in relation to a review of hospital foundations in Queensland. The review aims to seek feedback from hospital foundations and Hospital and Health Services, on the core purpose or objects of hospital foundations and the best organisational structure to support their intended purpose.

I am committed to ensuring that the important role which the foundations play in supporting the provision of public health services, continues into the future. This review is about finding a better structure for hospital foundations to fit their role in providing funds to support Hospital and Health Services.

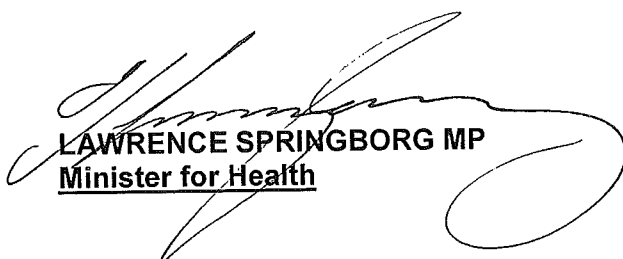
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Yours sincerely


LAWRENCE SPRINGBORG MP
Minister for Health

Prepared by: Juliet Dawson
Manager
Office of Health Statutory Agencies
[redacted]
27 August 2013

Submitted through: Mark Tuohy
Acting Director
Office of Health Statutory Agencies
[redacted]
27 August 2013

Submitted through: Mark Tuohy for Susanne Le Boutillier
Senior Director
Governance, Relationships, Improvement and Priorities Branch
[redacted]
30 August 2013

Cleared by: Philip Davies
Deputy Director-General
System Policy and Performance
[redacted]
30 August 2013

RTI Released



Hon Lawrence Springborg MP
Minister for Health

MI192342

Mr Paul Woodhouse
Chair
North West Hospital and Health Board
PO Box 27
MT ISA QLD 4825

Level 19
147-163 Charlotte Street Brisbane 4000
GPO Box 48 Brisbane
Queensland 4001 Australia
Telephone +61 7 3234 1191
Facsimile +61 7 3229 0444
Email health@ministerial.qld.gov.au

9 SEP 2013

Dear Mr Woodhouse *Paul*

I am writing to you in relation to a review of hospital foundations in Queensland. The review aims to seek feedback from hospital foundations and Hospital and Health Services, on the core purpose or objects of hospital foundations and the best organisational structure to support their intended purpose.

I am committed to ensuring that the important role which the foundations play in supporting the provision of public health services, continues into the future. This review is about finding a better structure for hospital foundations to fit their role in providing funds to support Hospital and Health Services.

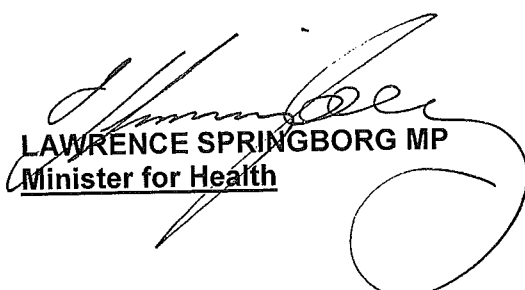
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Yours sincerely


LAWRENCE SPRINGBORG MP
Minister for Health

Prepared by: Juliet Dawson
Manager
Office of Health Statutory Agencies
[redacted]
27 August 2013

Submitted through: Mark Tuohy
Acting Director
Office of Health Statutory Agencies
[redacted]
27 August 2013

Submitted through: Mark Tuohy for Susanne Le Boutillier
Senior Director
Governance, Relationships, Improvement and Priorities Branch
[redacted]
30 August 2013

Cleared by: Philip Davies
Deputy Director-General
System Policy and Performance
[redacted]
30 August 2013

RTI Release



Hon Lawrence Springborg MP
Minister for Health

MI192343

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Facsimile +61 7 3229 0444
Email health@ministerial.qld.gov.au

Dr Julia Leeds
Chair
South West Hospital and Health Board
PO Box 1006
ROMA QLD 4455

9 SEP 2013

Dear Dr Leeds

I am writing to you in relation to a review of hospital foundations in Queensland. The review aims to seek feedback from hospital foundations and Hospital and Health Services, on the core purpose or objects of hospital foundations and the best organisational structure to support their intended purpose.

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Yours sincerely


LAWRENCE SPRINGBORG MP
Minister for Health

DOH-DL 14/15-015

RTI Document No. 149

Prepared by: Juliet Dawson
Manager
Office of Health Statutory Agencies
[redacted]
27 August 2013

Submitted through: Mark Tuohy
Acting Director
Office of Health Statutory Agencies
[redacted]
27 August 2013

Submitted through: Mark Tuohy for Susanne Le Boutillier
Senior Director
Governance, Relationships, Improvement and Priorities Branch
[redacted]
30 August 2013

Cleared by: Philip Davies
Deputy Director-General
System Policy and Performance
[redacted]
30 August 2013

RTI Released



Hon Lawrence Springborg MP
Minister for Health

MI192344

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Email health@ministerial.qld.gov.au

Emeritus Professor Paul Thomas AM
Chair
Sunshine Coast Hospital and Health Board
Nambour General Hospital Block 5 Executive
PO Box 547
NAMBOUR QLD 4560

9 SEP 2013

Dear Emeritus Professor Thomas *Paul*

I am writing to you in relation to a review of hospital foundations in Queensland. The review aims to seek feedback from hospital foundations and Hospital and Health Services, on the core purpose or objects of hospital foundations and the best organisational structure to support their intended purpose.

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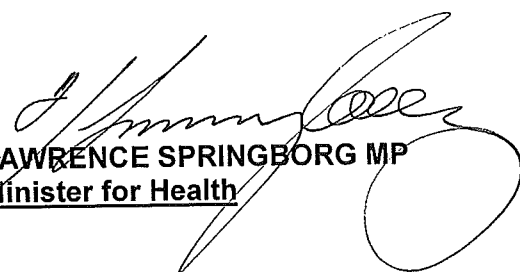
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Yours sincerely


LAWRENCE SPRINGBORG MP
Minister for Health

Prepared by: Juliet Dawson
Manager
Office of Health Statutory Agencies
[redacted]
27 August 2013

Submitted through: Mark Tuohy
Acting Director
Office of Health Statutory Agencies
[redacted]
27 August 2013

Submitted through: Mark Tuohy for Susanne Le Boutillier
Senior Director
Governance, Relationships, Improvement and Priorities Branch
[redacted]
30 August 2013

Cleared by: Philip Davies
Deputy Director-General
System Policy and Performance
[redacted]
30 August 2013

RTI Release



Hon Lawrence Springborg MP
Minister for Health

MI192345

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147-163 Charlotte Street Brisbane 4000
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Facsimile +61 7 3229 0444
Email health@ministerial.qld.gov.au

Mr John Bearne
Chair
Townsville Hospital and Health Board
PO Box 670
TOWNSVILLE QLD 4810

9 SEP 2013

Dear Mr Bearne *John*

I am writing to you in relation to a review of hospital foundations in Queensland. The review aims to seek feedback from hospital foundations and Hospital and Health Services, on the core purpose or objects of hospital foundations and the best organisational structure to support their intended purpose.

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Yours sincerely


LAWRENCE SPRINGBORG MP
Minister for Health

Prepared by: Juliet Dawson
Manager
Office of Health Statutory Agencies
[redacted]
27 August 2013

Submitted through: Mark Tuohy
Acting Director
Office of Health Statutory Agencies
[redacted]
27 August 2013

Submitted through: Mark Tuohy for Susanne Le Boutillier
Senior Director
Governance, Relationships, Improvement and Priorities Branch
[redacted]
30 August 2013

Cleared by: Philip Davies
Deputy Director-General
System Policy and Performance
[redacted]
30 August 2013

RTI Released



Hon Lawrence Springborg MP
Minister for Health

MI192346

*I am not sure we
need to send this to
Michael ?*

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Email health@ministerial.qld.gov.au

Dr Michael Cleary
Administrator
Torres Strait-Northern Peninsula Hospital and Health Board
PO Box 2454
CAIRNS QLD 4870

Dear Dr Cleary

I am writing to you in relation to a review of hospital foundations in Queensland. The review aims to seek feedback from hospital foundations and Hospital and Health Services, on the core purpose or objects of hospital foundations and the best organisational structure to support their intended purpose.

I am committed to ensuring that the important role which the foundations play in supporting the provision of public health services, continues into the future. This review is about finding a better structure for hospital foundations to fit their role in providing funds to support Hospital and Health Services.

Enclosed is an Options Paper which outlines the advantages and disadvantages of a number of potential organisational structures for hospital foundations. I am interested in hearing your view on the merits of these options, and on a preferred model for hospital foundations.

The Office of Health Statutory Agencies is arranging a teleconference to provide an opportunity for you to give feedback to me with other Hospital and Health Board chairs, and to discuss the issues raised in the Options Paper.

You are also invited to provide written feedback via email to statutoryagencies@health.qld.gov.au by close of business 4 October 2013.

Should you require any further information in relation to this matter, I have arranged for Mr Mark Tuohy, Acting Director, Office of Health Statutory Agencies, System Policy and Performance Division, Department of Health, on telephone to be available to assist you.

Yours sincerely

LAWRENCE SPRINGBORG MP
Minister for Health

Prepared by: Juliet Dawson
Manager
Office of Health Statutory Agencies
[redacted]
27 August 2013

Submitted through: Mark Tuohy
Acting Director
Office of Health Statutory Agencies
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27 August 2013

Submitted through: Mark Tuohy for Susanne Le Boutillier
Senior Director
Governance, Relationships, Improvement and Priorities Branch
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30 August 2013

Cleared by: Philip Davies
Deputy Director-General
System Policy and Performance
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30 August 2013

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Minister for Health

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MI192347

Dr Mary Corbett
Chair
West Moreton Hospital and Health Board
PO Box 73
IPSWICH QLD 4305

9 SEP 2013

Dear Dr Corbett *Mary*

I am writing to you in relation to a review of hospital foundations in Queensland. The review aims to seek feedback from hospital foundations and Hospital and Health Services, on the core purpose or objects of hospital foundations and the best organisational structure to support their intended purpose.

I am committed to ensuring that the important role which the foundations play in supporting the provision of public health services, continues into the future. This review is about finding a better structure for hospital foundations to fit their role in providing funds to support Hospital and Health Services.

Enclosed is an Options Paper which outlines the advantages and disadvantages of a number of potential organisational structures for hospital foundations. I am interested in hearing your views on the merits of these options, and on a preferred model for hospital foundations.

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You are also invited to provide written feedback via email to statutoryagencies@health.qld.gov.au by close of business 4 October 2013.

Should you require any further information in relation to this matter, I have arranged for Mr Mark Tuohy, Acting Director, Office of Health Statutory Agencies, System Policy and Performance Division, Department of Health, on telephone to be available to assist you.

Yours sincerely


LAWRENCE SPRINGBORG MP
Minister for Health

Prepared by: Juliet Dawson
Manager
Office of Health Statutory Agencies
[redacted]
27 August 2013

Submitted through: Mark Tuohy
Acting Director
Office of Health Statutory Agencies
[redacted]
27 August 2013

Submitted through: Mark Tuohy for Susanne Le Boutillier
Senior Director
Governance, Relationships, Improvement and Priorities Branch
[redacted]
30 August 2013

Cleared by: Philip Davies
Deputy Director-General
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30 August 2013

RTI Release



Hon Lawrence Springborg MP
Minister for Health

MI192348

Mr Dominic Devine
Chair
Wide Bay Hospital and Health Board
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Telephone +61 7 3234 1191
Facsimile +61 7 3229 0444
Email health@ministerial.qld.gov.au

9 SEP 2013

Dear Mr Devine *Dominic*

I am writing to you in relation to a review of hospital foundations in Queensland. The review aims to seek feedback from hospital foundations and Hospital and Health Services, on the core purpose or objects of hospital foundations and the best organisational structure to support their intended purpose.

I am committed to ensuring that the important role which the foundations play in supporting the provision of public health services, continues into the future. This review is about finding a better structure for hospital foundations to fit their role in providing funds to support Hospital and Health Services.

Enclosed is an Options Paper which outlines the advantages and disadvantages of a number of potential organisational structures for hospital foundations. I am interested in hearing your views on the merits of these options, and on a preferred model for hospital foundations.

The Office of Health Statutory Agencies is arranging a teleconference to provide an opportunity for you to give feedback to me with other Hospital and Health Board chairs, and to discuss the issues raised in the Options Paper.

You are also invited to provide written feedback via email to statutoryagencies@health.qld.gov.au by close of business 4 October 2013.

Should you require any further information in relation to this matter, I have arranged for Mr Mark Tuohy, Acting Director, Office of Health Statutory Agencies, System Policy and Performance Division, Department of Health, on telephone to be available to assist you.

Yours sincerely


LAWRENCE SPRINGBORG MP
Minister for Health

Prepared by: Juliet Dawson
Manager
Office of Health Statutory Agencies
[redacted]
27 August 2013

Submitted through: Mark Tuohy
Acting Director
Office of Health Statutory Agencies
[redacted]
27 August 2013

Submitted through: Mark Tuohy for Susanne Le Boutillier
Senior Director
Governance, Relationships, Improvement and Priorities Branch
[redacted]
30 August 2013

Cleared by: Philip Davies
Deputy Director-General
System Policy and Performance
[redacted]
30 August 2013

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Attachment 4: Consultation for Hospital Foundations Review

The following process is proposed for consulting with the hospital foundations and Hospital and Health Service Board chairs as part of the Hospital Foundations review:

- OHSA to send letters from the Minister to the chairs of the Hospital and Health Boards providing copies of the Options Paper, inviting written comments as well as participation in a teleconference with the Minister on 26 September 2013 to discuss the review.
- send letters from the Minister to the chairs of the hospital foundations providing copies of the Options Paper, inviting written comments as well as attendance at a meeting of hospital foundation CEOs and chairs on 27 September 2013 to discuss the review.
- OHSA will liaise with Peter Treseder, CEO, RBWH foundation, as coordinator of the informal hospital foundation network, regarding an agenda for the 27 September 2013 meeting
- OHSA will develop a powerpoint presentation to lead discussion about the review at the forum meeting.
- OHSA will coordinate a delegation of hospital foundation Board chairs and/or chief executives (as nominated and agreed at the 27 September 2013 forum) to meet with the Minister and discuss the review.

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1 Introduction

Hospitals foundations in their current form have served Queensland well, and delivered a number of benefits including raising funds for the betterment of health services, and providing a means for Queensland communities to support both their local public hospital and state-wide health services.

Hospital foundations are established under the *Hospitals Foundations Act 1982* (“the Act”). The Act not only provides a scheme for the establishment of foundations as bodies corporate, but also governs many aspects of their operations including functions, objectives, powers, constitution, meetings, financial matters, dissolution, winding up, merger and miscellaneous matters.

Queensland Health recently initiated a review of the Act to ensure that it provided the best legislative framework for the important work of foundations. The review was triggered by the recent report *Brokering Balance: A Public Interest Map for Queensland Government Bodies* (the Weller Report).

The aims of the review are:

- implementing the commitment of the Queensland Government response to the Weller Report, published on 22 April 2009, to undertake further analysis and consultation with key stakeholders to explore appropriate alternative incorporation models for foundations;
- streamlining bureaucracy created by the Act;
- protecting the trust that the public holds in foundations by ensuring the Act contains appropriate accountability and transparency measures; and
- identifying other opportunities to improve the Act, including the aim of making it a useful, working document for foundations.

The Deputy Premier and Minister for Health met with foundation chairs on 22 July 2009 to discuss the Weller Report and advise of the review of the Act. At the conclusion of the meeting, the foundation chairs requested Queensland Health undertakes an initial round of consultation with the chief executive officers of the foundations as an initial step toward preparing a consultation paper. Consultation meetings were subsequently held in August and September 2009.

In addition to feedback about the Act itself, a key issue that emerged from the above consultation was uncertainty on the part of foundations about the future of commercial relationships between Queensland Health and foundations in relation to revenues from hospital car parks, cafes and so on. Further consideration and direction may be needed on this issue to ensure standardisation of management of these issues across districts.

2 Questions

Incorporation models for foundations

Do you consider that it is preferable for foundations to be established under the Act or to be established as independent non-government charitable organisations?

What do you consider to be the benefits and disadvantages of these options?

Having regard to local health service priorities

Do you consider that the Act should require foundations to have regard to local health service priorities when performing their functions?

Functions

What improvement do you consider should be made to the description of the functions of foundations in the Act?

Do you consider that the functions of the Act should include a reference to raising money by way of public appeals for subscriptions or contributions?

Objects

What improvement do you consider should be made to the description of the objects of foundations in the Act?

Do you consider that the objects of the Act should be streamlined to focus on acquiring, managing and applying property to:

- improve and support any health service including by purchasing equipment or improving health facilities at an associated hospital;
- provide financial support to hospital employees to pursue education or professional development activities relating to improving health services;
- provide financial support to hospital employees to undertake research into health and medical research; and
- do anything else that is likely to build a healthier community such as preventative health care programs.

Powers

What improvements do you consider should be made to the description of the powers of foundations in the Act?

Do you support sections 14 and 15 of the Act being combined and shortened to simply confer upon foundations all the powers of individual, subject to any Ministerial approvals required by the Act?

Do you support the insertion of a separate section in the Act that clearly lists those specific powers which may only be exercised after Ministerial approval is obtained as currently listed in section 15 of the Act?

Members

Do you consider that the power to appoint and remove members, including chairperson, should be held by the Minister rather than the Governor-in-Council?

Should the Act mandate certain types of members of hospital foundations (eg members with financial, legal or marketing skills, or hospital employees)?

Procedural requirements

Do you support the omission of Section 33, which contains a range of minor procedural provisions about foundation meetings, from the Act? If not, which parts of section 33 do you think should be retained?

Do you consider that the Act should continue to require Ministerial involvement in procedural matters such as the appointment of a foundation secretary, decisions about use of department employees by foundations, and use of department land?

Is there any need to retain the reference to the appointment of a secretary of a foundation in section 37(1) of the Act?

Accountability

Foundations are subject to a range of Queensland legislation, such as the *Financial Accountability Act 2009* and the *Statutory Bodies Financial Arrangements Act 1982*. Do you consider that the Act should clearly list in one section all of the Queensland legislation to which foundations are subject?

Do you consider that there is any benefit in retaining the estimates of receipts and disbursements scheme in sections 46 to 49 of the Act?

Do you support the Act being amended to confer on the Minister a power to direct a foundation in the public interest?

Miscellaneous

Do you consider that there is any benefit in retaining section 65 of the Act, which makes a person liable to pay a body corporate the value of any foundation property which is taken or damaged, or section 66 of the Act, which enables a foundation to pay a reward be omitted from the Act?

Are there any other issues about the Act which should be addressed by this review?

3 Consultation on incorporation models for foundations

Section 7 of the Act provides that the Governor in Council may establish a foundation by regulation.

The recent report *Brokering Balance: A Public Interest Map for Queensland Government Bodies* (the Weller Report) recommended that the foundations across Queensland no longer be established under the Act, but instead become “independent non-government charitable organisations”.

The Weller Report acknowledged that the foundations were “valuable”, “viable” and have a “history of success for the betterment of health services” (Chapter 8). However, it also asserted that the requirement to have board members appointed by Governor-in-Council was an expensive administrative process and could also cause delays in filling vacancies. The report proposed that foundations be moved to an independent non-government organisation model which:

- preserves the value of local branding and fundraising achievements;
- upholds good governance and accountability to key stakeholders (donors, patients, local community, and the associated hospital);
- has a clear charter of roles and responsibilities; and
- does not need the overlay of Government bureaucracy.

The Queensland Government response to the Weller Report, published on 22 April 2009, stated that the recommendation about foundations was supported in principle but that further analysis and consultation with key stakeholders was required to explore appropriate alternative incorporation models for each Foundation, dependent on their activities.

There are two alternative incorporation options that could be considered to implement the recommendation for foundations to become independent non-government charitable organisations:

- incorporation under the *Associations Incorporations Act 1981* (an association formed for any lawful purpose but not for the purpose of financial gain for its members);
- incorporation under the *Corporations Act 2001* as a Section 150 company (a public company limited by guarantee which is formed for purposes beneficial to the community and that prohibits payment of dividends to its members).

Consultation with foundations since the release of the Weller Report has identified that most foundations would prefer to continue to be established under the Act rather than be established as independent non-government organisations. However a small number of foundations advised that while they had no strong objection to the current legislative framework, they also had no objection to becoming a non-statutory body, such as a company limited by guarantee, if that option were to become available.

Consultation Paper – Review of the *Hospitals Foundations Act 1982*

Before proceeding further, it is important to note that the Act does not mandate the establishment of a hospital foundation. Rather, section 5 of the Act states that any person in whom is vested property to the value of \$10,000, and who “desires or is required by law” to apply that property with the scope of the objects of hospital foundations, may apply to the Minister to be established as a hospital foundation. The Act does not prevent a person or persons from establishing an association, however it might be constituted, that may, in the course of conducting its affairs, donate money to public hospitals.

However, consultation identified that there are benefits for foundations in being established under the Act including:

- if foundations were to become independent non-government organisations, their members would lose the statutory indemnity provided by s.40 of the Act and so become exposed to personal liability for the hospital foundation’s actions. A number of foundations expressed the view that attracting hospital foundation members would be difficult in the absence of such an indemnity, particularly as members provide their valuable services free of charge, and stand to gain no personal benefit from their role. Additionally, the cost of purchasing directors insurance would divert donations into administrative costs.
- establishment under the Act ensures that Queensland Health senior managers are involved in the management of foundations and assist foundations to make decisions about the allocation of public donations that accord with local health service delivery priorities. If foundations were to become independent non-government organizations, the link between foundations and Queensland Health would be harder to maintain.
- a number of foundations consider that they would be unviable if they were not provided with the accommodation and administrative support availed to them by their local hospital under the Act, as well as the opportunity to pursue commercial arrangements with hospitals.
- due to their incorporation under the Act, foundations are subject to public sector accountability and transparency requirements such as the *Statutory Bodies Financial Arrangements Act 1982* and the *Financial Accountability Act 2009*. A number of foundations considered that being established under the Act and subject to public sector accountability requirements supports them in attracting support from donors. Queensland Health is also of the view that as foundations receive monies donated for the benefit of public health services, it is appropriate that they should be included within a public accountability regime.

Incorporation models for foundations

Do you consider that it is preferable for foundations to be established under the Act or to be established as independent non-government charitable organisations?

What do you consider to be the benefits and disadvantages of these options?

4 Improving the Hospitals Foundations Act 1982

4.1 Introduction

The *Foundations Act 1982* not only provides both a scheme for the establishment of foundations as incorporated bodies, but also governs many aspects of their operations including:

- Functions
- Objectives
- Powers
- Constitution
- Meetings, Proceedings and Business
- Financial Matters
- Dissolution, Winding Up and Merger
- Miscellaneous Matters

Consultation raised a number of options for improving the Act, which are set out below for your consideration.

4.2 Functions

The functions of foundations are described in section 12 of the Act as follows:

“It is the function of each body corporate--

(a) to pursue the object or objects from time to time registered in respect of it in the register; and

(b) to manage and apply all property from time to time held by it, and the income arising there from, towards the attainment of that object or those objects and towards matters and things incidental thereto or calculated to assist therein; and

(c) to properly govern and control the affairs of the body corporate.”

Two issues raised during consultation about section 12 of the Act were:

- the need to ensure that foundations pursue their functions in a manner that is aligned with local health service priorities. Most foundations achieve this goal by working closely with the senior management of their local hospitals, and by only considering applications for grants that are approved by hospital management. However, there may be benefit in expressly stating in the Act that in performing its functions, a hospital foundation must have regard to local health service priorities.
- the functions should refer to fundraising, as this is the principal activity of most foundations. Currently, section 15(1)(a) confers power on a hospital foundation to “to raise money by way of public appeals for subscriptions or

Consultation Paper – Review of the *Hospitals Foundations Act 1982*

contributions, subject to the *Health Services Act 1991* and the *Collections Act 1966*”.

Having regard to local health service priorities

Do you consider that the Act should require foundations to have regard to local health service priorities when performing their functions?

Functions

What improvement do you consider should be made to the description of the functions of foundations in the Act?

Do you consider that the functions of the Act should include a reference to raising money by way of public appeals for subscriptions or contributions?

4.3 Objects

The objects of foundations are listed at section 13 of the Act. The current objects are lengthy, and are set out in Annexure A.

Consultation with foundations raised the following issues about these objects:

- the objects refer to providing aid to “ambulance services”, which may not be appropriate as ambulance services are not managed by hospitals;
- the objects, which currently have eleven separate limbs, are very lengthy, and may benefit from being streamlined;
- the inclusion of the object “to supply aid to persons in respect of any matter concerning any aspect of the health or wellbeing of people” may create an unreasonable expectation that foundations can assist individuals with the costs associated with receiving health care;
- while foundations typically focus on a few similar objects (namely supporting hospitals through purchase of equipment, supporting the conduct of research and supporting hospital employees to pursue education or professional development activities), it is also important that the objects include a generic clause that caters for other objects. For example, the Ipswich Hospital Foundation undertakes various well supported community based activities in pursuit of its goal of promoting healthier lifestyles and building a healthier community;
- the Office of Health and Medical Research, Queensland Health noted that the reference to “research” should be broad enough to cover “health and medical research” which is “a global term encompassing research that extends across a multi-dimensional continuum, ranging from fundamental biomedical research through to social research and spanning both investigator-driven and practice-focussed research. Ultimately this research, irrespective of where it falls in the spectrum, directly or indirectly results in improvements to health care and health service delivery.” (p.28 Research for a healthier future 2020 Health and Medical Research Development Strategy)
- the objects should assist foundations to obtain necessary Deductible Gift Recipient status.

Based on the above, a possible new objects clause for foundations could be as simple as follows:

“The objects for which a body corporate may acquire, manage and apply property are the following--

- (a) to improve and support any health service including by purchasing equipment or improving health facilities at an associated hospital;*
- (b) to provide financial support to hospital employees to pursue education or professional development activities relating to improving health services;*
- (c) to provide financial support to hospital employees to undertake health and medical research;*
- (d) to do anything else that is likely to build a healthier community including preventative health programs.”*

Objects

What improvement do you consider should be made to the description of the objects of foundations in the Act?

Do you consider that the objects of the Act should be streamlined to focus on acquiring, managing and applying property to:

- improve and support any health service including by purchasing equipment or improving health facilities at an associated hospital;
- provide financial support to hospital employees to pursue education or professional development activities relating to improving health services;
- provide financial support to hospital employees to undertake research into health and medical research; and
- do anything else that is likely to build a healthier community including preventative health programs.

4.4 Powers

The powers of foundations are listed in sections 14 and 15 of the Act. Section 14 is a general grant of power which authorises a hospital foundation to “do all lawful things necessary or convenient to be done in connection with or incidental to the proper discharge of its functions.” Section 15 lists a range of over 20 specific powers (see Annexure A), some of which are subject to Ministerial approval.

Consultation raised a number of issues about sections 14 and 15.

The first was that some of the specific powers listed in section are very minor eg the power to “purchase, print, publish, circulate or make available on loan or hire text books.” Questions were raised about the need to retain any such specific powers, given that section 14 provided a general grant of power.

In this regard, Queensland Health has obtained internal legal advice that the specific powers listed in section 15 are effectively unnecessary on the basis that the general

Consultation Paper – Review of the *Hospitals Foundations Act 1982*

grant of powers in section 14 is sufficient to provide power for all of the matters listed in section 15. It is worth noting in this context that other statutory body legislation (see for example s.13 *Medical Board Administration Act*, s.18 *Health Quality and Complaints Commission Act 2006* and s.21 *Queensland Art Gallery Act 1987*) usually provides the statutory body with “all the powers of an individual” and then adds the following examples:

- enter into contracts and other arrangements;
- acquire, hold, dispose of, and deal with, property;
- appoint agents and attorneys;
- engage consultants;
- fix charges and other terms for services and other facilities it supplies;
- do anything else necessary or convenient to be done in performing its functions.

In the case of the Act, the adoption of such a provision would need to take into account that some of the powers listed in section 15 are subject to Ministerial approval including:

- acquire the whole of or a share in the business of any person and to assume the whole of or a share in the liabilities of that person in relation to the business (section 15(1)(m))
- to enter into a partnership, an arrangement for sharing of profits, union of interest, cooperative joint venture, reciprocal concession or other similar arrangement with any person or persons carrying on or about to carry on any business or transaction that the body corporate is by this Act authorised to carry on, or any business or transaction capable of being so carried on as to assist it (directly or indirectly) to discharge its function (section 15(1)(o));
- to acquire, hold and dispose of shares, debentures or securities of any corporation (section 15(1)(p));
- to enter into arrangements with any government, authority, person or persons, being arrangements calculated to enable it (directly or indirectly) to discharge its function, and to carry out such arrangements, and to acquire from such government, authority, person or persons any right, privilege or concession that the body corporate considers desirable to acquire to assist it to discharge its function (section 15(1)(q));
- to make money or other awards to persons concerned in such inventions or discoveries accepted by it as likely to benefit the health or wellbeing of people (section 15(1)(r));
- to sell or otherwise dispose of its land or buildings for such consideration as it determines or to exchange its property for shares, debentures or securities of a corporation that has objectives similar to the objects of the body corporate (section 15(1)(s)); and
- to improve, develop, exchange, lease or turn to account its land or buildings (section 15(1)(t)).

A number of foundations felt there were be benefits in terms of transparency in separately listing in a single section all of the powers for which Ministerial approval was required under the Act.

Powers

What improvements do you consider should be made to the description of the powers of foundations in the Act?

Do you support sections 14 and 15 of the Act being combined and shortened to simply confer upon foundations all the powers of individual, subject to any Ministerial approvals required by an Act?

Do you support the insertion of a separate section in the Act that clearly lists those specific powers which may only be exercised after Ministerial approval is obtained as currently listed in section 15 of the Act?

4.5 Constitution (Members)

Under the Act, foundations are constituted by 7 or more members who are appointed by the Governor-in-Council on the recommendation of the Minister.

The Act contains various other provisions about members referring to types of members, term of appointment, casual vacancies, vacation of office, disclosure of interests, members to act honestly and with propriety, disqualification from office, removal from office, appointment of chairperson and deputy chairperson, fees and allowances and effect of public sector employment on being a member.

Appointment of Members

The Weller Report considered that the requirement to have board members appointed by Governor-in-Council amounted to unnecessary bureaucratic overlay. This concern can be addressed by enabling the Minister, rather than Governor-in-Council, to appoint board members. In this regard it is noted that under the *Health Services Act 1991* the Minister has the power to appoint members of health community councils. Likewise, the power to remove members and appoint chairpersons, which is currently vested in Governor-in-Council, could also be transferred to the Minister.

Classes of Members

There was a broad consensus during consultation that the Act should not create mandatory classes of membership, other than with respect to Queensland Health representatives. Instead, it was considered more appropriate to describe the types of qualifications that might make a person suitable for appointment as a member.

Section 18(3)(a) of the Act requires a health community council representative to be a member. Health community councils and foundations serve very different functions - while foundations are focussed on fundraising, health community councils focus on community engagement and the quality and safety of health care. On this basis, there does not appear to be any need for a mandatory requirement for a health community council member to be a member of a hospital foundation.

Consultation Paper – Review of the *Hospitals Foundations Act 1982*

Section 18(3)(b) of the Act requires a “an employee of a university or other body providing education at tertiary level with which the body corporate has become associated, or a person who, in the Minister’s opinion, is knowledgeable and experienced in the field of knowledge or activity relevant to the purposes or objects of the body corporate, in any case nominated by the Minister in accordance with subsection (4)” to be a member. As already noted, the focus of hospital foundation activities is variable – from fundraising for purchase of hospital equipment through to supporting research. While in some cases, for example where a foundation has a research focus, an employee of university or other tertiary education facility may be beneficial to a foundation that is not always necessarily the case.

Section 18(3) (c) of the Act requires at least “2 officers or employees at an associated hospital or persons who, in the Minister’s opinion, are knowledgeable and experienced in a field of knowledge or activity relevant to the purposes or objects of the body corporate”. There was a broad consensus amongst the foundations consulted that the Act should continue to require hospital employees as members. Many foundations additionally sought a requirement that the chief executive officer of the health service district in which the foundation is located should be required to be a member. However this will not always be possible as some district chief executive officers now have more than one foundation within their district. However this problem might be overcome by allowing a district CEO to nominate a member.

The Act does not currently require there to be members with legal or financial management skills. However including such a requirement may be beneficial to ensure the foundations have the necessary skills to manage their business.

Members

Do you consider that the power to appoint and remove members, including chairperson, should be held by the Minister rather than the Governor-in-Council?

Should the Act mandate certain types of members of hospital foundations (eg members with financial, legal, marketing or health research skills, or hospital employees)?

4.6 Meetings, Proceedings and Business

Sections 32 to 41 address a range of procedural matters including conduct of meeting business, quorum, conduct of affairs, minutes, validity of transactions, employees, use of certain Queensland Health officers and premises, use of the common seal, protection of members and insurance.

Consultation raised a number of issues, which are discussed below.

The requirement in section 33(1) of the Act for the first meeting of a foundation to be convened by the Minister was considered to be unnecessary. As one of the aims of this review is to reduce unnecessary bureaucracy, there does not appear to be a need to retain this provision.

Consultation Paper – Review of the *Hospitals Foundations Act 1982*

Sections 31 to 35 govern foundation meetings. A number of these sections are appropriate including - s.31 which enables a foundation to conduct its business as it determines; section 32 which provides for a quorum of a majority of members; and section 35 which requires a foundation to keep minutes. However section 33, which contains a range of procedural provisions, is unnecessarily prescriptive for legislation. For example section 33(4A) provides that if “a quorum is not present at a meeting of the body corporate within 15 minutes after the time appointed for the commencement of the meeting, the member or members present or the majority of them if more than 2 are present or the secretary of the body corporate if no member is present or if the members present are equally divided on the issue may adjourn the meeting to a time and date not later than 7 days from the date of the adjournment.”

Section 37 (1) of the Act provides that the “secretary of a body corporate shall be a suitably senior officer of an associated hospital who is nominated by the chief executive and approved by the Minister.” It is not clear from section 37 or section 18 of the Act if the secretary is intended to be a member of the foundation, and consultation with foundations indicated some confusion about how to interpret this provision. Some foundations enjoyed the support of a senior administrator from the associated hospital sitting as a member and providing the governance advice usually associated with a secretary. In another case, the secretary was an administrative support officer from the associated hospital who attended meetings to take minutes. At the end of the day, section 37 appears to be unnecessary, on the basis that section 18 already requires two hospital employees to be members of a foundation, and section 38 enables a foundation to make use of department employees. Taken together, these two sections enable a foundation and an associated hospital to make arrangements for appropriate support, either through the employee being a board member or simply providing support in another way.

Section 38(1) enables a foundation to make use of employees of the department but only with the “approval of the Minister first had and obtained”. Given the range of support provided to foundations by hospital employees, and the aim of reducing unnecessary bureaucratic overlay, it may be appropriate to allow the district health service chief executive officer to determine these matters rather than the Minister.

Section 38(2) enables a foundation to use department land and premises as agreed with the chief executive officer. However section 38(2) goes on to provide that if such agreement cannot be reached, it shall be determined by the Minister. The involvement of the Minister in such matters appears unnecessary.

Procedural requirements

Do you support the omission of Section 33, which contains a range of minor procedural provisions about foundation meetings, from the Act? If not, which parts of section 33 do you think should be retained?

Do you consider that the Act should continue to require Ministerial involvement in procedural matters such as the appointment of a foundation secretary, decisions about use of department employees by foundations, and use of department land?

Is there any need to retain the reference to the appointment of a secretary of a foundation in section 37(1) of the Act?

4.7 Financial Provisions

Part 7 of the Act contains a number of financial provisions, some of which appear novel and also poorly drafted.

Sections 44 and 51 of the Act are both headed “Body corporate are statutory bodies”. Section 44 declares that a body corporate is a statutory body under the *Financial Accountability Act 2009* while section 51 declares that under the *Statutory Bodies Financial Arrangements Act 1982* a body corporate is a statutory body. The two sections should be merged into a single section which addresses the status of foundations under both the two Acts.

In this context, it is also worth noting that some foundations sought the inclusion of a new section in the Act listing all of the accountability legislation to which foundations are subject eg *Crime and Misconduct Act 2001*. An indicative example of such a section is section 42(3) of the *Legal Aid Act 1997* which states

“Legal Aid is—

(a) a unit of public administration under the *Crime and Misconduct Act 2001*; and

(b) a statutory body within the meaning of—

(i) the *Financial Accountability Act 2009*; and

(ii) the *Statutory Bodies Financial Arrangements Act 1982*.”

Section 46 to 49 creates a scheme built around a requirement by the Minister for the foundation to develop an estimate of receipts and disbursements for the balance of the financial year in which it is prepared. The foundation is required to observe the estimate (section 47) and if it fails to do so, the members are rendered jointly and severally liable (section 49). When consulted, foundations were not able to recall the Minister ever utilising the scheme. One foundation also noted that the provision would be difficult to implement because it is not normally possible for a foundation to accurately estimate its receipts for a coming year. The scheme is also quite novel, and does not appear to exist in other legislation governing statutory bodies. Instead, legislation covering statutory bodies normally confers upon the Minister a general power of direction over the statutory body (eg section 9 *Health Practitioner Registration Boards (Administration) Act 1999*). This would appear to be a more appropriate means than the above estimate of receipts and disbursements scheme to ensure that the Minister was able to intervene in the affairs of a foundation and direct remedial action as required.

Accountability

Foundations are subject to a range of Queensland legislation, such as the *Financial Accountability Act 2009* and the *Statutory Bodies Financial Arrangements Act 1982*. Would there be benefit in the Act clearly listing all of the Queensland legislation to which foundations are subject?

Do you consider that there is any benefit in retaining the estimates of receipts and disbursements scheme in sections 46 to 49 of the Act?

Do you support the conferral on the Minister of the power to direct a foundation in the public interest?

4.8 General Provisions

Part 8 of the Act contains a number of miscellaneous provisions addressing issues such as sale or disposal of property subject to a condition in a bequest, winding up and disposal of residual property, forms of contracts, delegations, liability for damage to property and orders to enforce, reward for information, offences and associated provisions, amalgamation, and the making of rules and regulations.

This part of the Act attracted little comment in the course of consultation and was generally supported, apart from section 65 and 66.

Sections 65 and 66 make a person liable to pay a body corporate the value of any foundation property which is taken or damaged, including upon a finding of that a person is guilty of such an offence. Section 66 enables a foundation to pay a reward, with the approval of the Minister, to any person who gives information about taking or damaging of foundation property. Consultation indicated that foundations were not aware of these powers having ever been utilised, but were not aware of their purpose. Accordingly it is proposed that they be removed from the Act and, in the event of any criminal activity affecting a foundation, reliance be placed upon generic Queensland criminal offences legislation.

Miscellaneous

Do you consider that there is any benefit in retaining Section 65, which makes a person liable to pay a body corporate the value of any foundation property which is taken or damaged, or section 66, which enables a foundation to pay a reward be omitted from the Act.

Annexure A – Sections 13 and 15 Hospital Foundations Act 1982

Section 13 Objects for which bodies corporate may apply property

The objects for which a body corporate may acquire, manage and apply property are the following--

- (a) to aid any health, hospital, ambulance or nursing service whether the service has been established or is proposed;
- (b) to supply aid to persons in respect of any matter concerning any aspect of the health or wellbeing of people or in respect of education or instruction in any such matter;
- (c) to provide money or travel grants, conference expenses, fellowships, allowances and prizes in relation to any matter concerning any aspect of the health or wellbeing of people;
- (d) to promote and provide improved facilities for education or instruction at undergraduate and postgraduate levels in medicine, preventive medicine and any other field concerning the health or wellbeing of people for persons engaged in studying or teaching medical or health sciences;
- (e) to seek to discover the nature, origins and causes of disease and bodily afflictions by the application of all or any of those branches of science that are relevant to the purpose and to make the best use of knowledge gained for improvement of the means of prevention or treatment of disease and bodily afflictions;
- (f) to research or arrange or promote research (including surveys relevant to health service or hospital functions) into and development of any branch of medical science, technological research, medical investigation or other matter concerning the health or wellbeing of people, with a view to general improvement in health services;
- (g) to provide money grants or loans for persons engaged in research at postgraduate level in medical or any other health science (including surveys relevant to any such science);
- (h) to provide money grants or loans for research or surveys relative to the functions, duties, management and administration of hospitals and for any public health service other than a hospital;
- (i) to arrange for research and development work in specific matters related to the health of people and to arrange for production and marketing of anything that results from such research or development work;
- (j) to invite lecturers renowned for their knowledge or expertise in any aspect of health care or the wellbeing of people to deliver instruction on such aspect and to finance the appearance of such a lecturer;

(k) to do anything, relevant to the fields of medicine or health care, that is likely to be to the betterment of health services generally or of the administration of an associated hospital.”

Section 15 Specific powers of bodies corporate

(1) Without limiting the generality of section 14 or of any other provision of this Act that confers power on a body corporate the powers of a body corporate include the following--

(a) to raise money by way of public appeals for subscriptions or contributions, subject to the Health Services Act 1991 and the Collections Act 1966;

(b) subject to subsection (2), to make such contracts, agreements and arrangements and make and take such purchases, leases, sales and dispositions of property as it considers to be likely to assist the discharge of its function or the pursuit of any of its objects on such terms and conditions as it thinks fit;

(c) to act as consultant to any person or association of persons that seeks its assistance;

(d) to charge for work or investigations carried out by it or for anything produced on its behalf;

(e) to incur expenditure for work carried out at its request;

(f) to establish and conduct schools, courses, seminars, lectures and any other form of education or instruction, and in connection therewith to arrange the engagement or employment of lecturers or teachers and the payment of salaries, fees or honoraria;

(g) to teach, train and instruct persons and to promote education and research in fields concerning the health or wellbeing of people;

(h) to purchase, print, publish, circulate or make available on loan or hire text books, magazines and journals, reference works, circulars, pamphlets and instructional material of any kind (including microfilm reproductions and audiovisual teaching aids) and all equipment necessary or desirable for the use of such lecture aids and materials and ancillary storage or transport equipment;

(i) to conduct or assist any other person or association of persons in connection with the conduct of any research or other work that the body corporate considers to be in its interests or conducive to the discharge of its own function by such means as it considers appropriate and to set up, equip and maintain laboratories, offices and other buildings (including animal facilities) as it considers to be necessary or desirable;

(j) to promote or attain any of its objects by way of facilities available in or associated with any hospital (other than an associated hospital), the Mater Misericordiae Hospitals or any private hospital, any university, college of advanced education or other educational institution, any medical, scientific, administrative or research

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institute, council, faculty, school or like institution and to that end to make to any of the entities aforesaid donations of money or gifts of property of any other kind;

(k) to cooperate with any other person or association of persons (either within or outside Australia) connected with or having objectives similar, in whole or in part, to its objects and to join any association having such similar objectives and to establish and support or join in establishing and supporting, and to subscribe, give or lend money to any such person or association for the purpose of discharging the function of the body corporate;

(l) to carry on or join in carrying on any business or arrangement that it thinks may be conveniently carried on by it and that is calculated to assist it (directly or indirectly) to discharge its function or to enhance (directly or indirectly) the value of its property;

(m) with the Minister's approval first had and obtained, to acquire the whole of or a share in the business of any person and to assume the whole of or a share in the liabilities of that person in relation to the business if that business is of such a nature that the body corporate is by this Act authorised to carry it on;

(n) to apply for or acquire--

(i) any patent rights, copyrights, trademarks, formulas, licences, concessions and similar property rights conferring exclusive, non-exclusive or limited rights of user; or

(ii) any secret or other information as to any invention; that it considers may be used for any of its purposes or may directly or indirectly assist it to discharge its function; and to use, exercise or develop such property rights or information or to grant licences in respect thereof or otherwise to turn them or it to account;

(o) with the Minister's approval first had and obtained, to enter into a partnership, an arrangement for sharing of profits, union of interest, cooperative joint venture, reciprocal concession or other similar arrangement with any person or persons carrying on or about to carry on any business or transaction that the body corporate is by this Act authorised to carry on, or any business or transaction capable of being so carried on as to assist it (directly or indirectly) to discharge its function;

(p) with the approval of the Minister first had and obtained, to acquire, hold and dispose of shares, debentures or securities of any corporation;

(q) with the approval of the Minister first had and obtained, to enter into arrangements with any government, authority, person or persons, being arrangements calculated to enable it (directly or indirectly) to discharge its function, and to carry out such arrangements, and to acquire from such government, authority, person or persons any right, privilege or concession that the body corporate considers desirable to acquire to assist it to discharge its function;

(r) to make money or other awards to persons concerned in such inventions or discoveries accepted by it as likely to benefit the health or wellbeing of people and as are approved by the Minister, having regard to the body corporate's recommendation;

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(s) with the Minister's approval first had and obtained, to sell or otherwise dispose of its land or buildings for such consideration as it determines and as the Minister approves or to exchange its property for shares, debentures or securities of a corporation that has objectives similar to the objects of the body corporate;

(t) to improve, develop, exchange, lease or turn to account its land or buildings in such manner as the Minister approves;

(u) to make known and further its objects by publishing and distributing papers, journals and other publications and by advertising;

(v) to pursue its objects and exercise its powers in any part of the world whether as principal, agent, trustee or otherwise and whether through trustees, agents or servants, either on its own account or in conjunction with any person or persons;

(w) to do all acts and things that are incidental or conducive to attaining its objects or to exercising its powers.

(2) Where a contract, agreement or arrangement to be made by a body corporate relates to any matter or thing for which this section requires the Minister's approval, it is not competent to the body corporate to make that contract, agreement or arrangement until that approval has been obtained.

RTI RELEASED