

AUCKLAND DISTRICT HEALTH BOARD

**Minutes of the meeting of the Board held on Thursday 3 July 2003
in the Marion Davis Library, Auckland City Hospital, Grafton
commencing at 1:15pm.**

1. ATTENDANCE AND APOLOGIES

Board Members

Wayne Brown (Chair)
Margaret Horsburgh
Crystal Beavis
Dame Susan Devoy
Di Nash
John Retimana
Vicki Salmon
Pat Snedden

Management in Attendance

Graeme Edmond – Chief Executive
David Sage – Chief Medical Officer
Garry Smith – Chief Funding and Planning Officer
Marek Stepniak – Chief Operating Officer
Ian Ward - Chief Financial Officer/GM Shared Services
Nigel Murray – GM Building Programme
John Woods – GM Human Resources
Megan Richards – Communications Manager
Ian Bell - Board Administrator

Apologies

Apologies had been received from Harry Burkhardt and Ian Scott.

The Chairman declared the meeting open at 1:42pm.

2. CONFIRMATION OF MINUTES 5 JUNE 2003

Moved Pat Snedden, seconded Margaret Horsburgh

That the minutes of the meeting of the Auckland District Health Board held on 5 June 2003 be confirmed as a true and correct record.

Carried

3. ACTION POINTS 5 JUNE 2003

A visit had been arranged for the Board to Sterile Supply Services.

Paul Jepson advised that the Electricity Lines agreement had not been signed by the other party but was expected to be signed soon.

4. CHAIRMAN'S REPORT

4.1 Report

Wayne Brown advised that he had attended the DHB Chairs meeting in Wellington where it had been agreed to act as a group in reference to the RDA. There was also discussion on supplier's incentives to the sector's practitioners and managers with a move to limit these.

He had attended, with Vicki Salmon, a meeting with the Minister of Finance and the Minister of Health with support from managers to prepare the Ministers on the issues. ADHB had been thanked for the year to date progress and improved relationships with the MoH. A four year breakeven had been agreed to, recognising the changes in the next financial year, however, the ADHB would be required to manage to the DAP. There had been agreement to the accounting treatment to include capitalised interest on HSDP until the project ended, to include the revaluation of assets at 30 June 2003 and to review valuations at 30 June 2004. Revaluation at 30 June 2003 would be a \$131m increase in asset and equity value.

The Minister of Finance was making the Chairman responsible for the rationalisation of finance and refinancing through the Crown Funding Agency. There also had been discussion on the three Auckland DHBs, the Aitken Report noting that 80% of inter-district flows take place within Auckland and the large savings that could be achieved from integrating more functions. There was support for combining the Funding arms and one review team in the MoH would look after the three Auckland DHBs.

Capital management was being centralised and consultants preparing business cases would not be able to participate in the final projects due to the vested interest in seeing the project proceeding.

With the expanded role of the Change Programme following the Aitken Report, these matters would be considered by the Board and the present Building and Change Committee would become a Building Committee only to be wound up once the Building Project is completed and closed down.

A Remuneration Committee is to be formed to review management performance on a quarterly basis.

Moved Wayne Brown, seconded John Retimana

That the ADHB establish a Remuneration Committee under Clause 38 of Schedule 3 of the New Zealand Public Health and Disability Act 2000 under the Terms of Reference tabled. Membership of the Committee is to be Pat Snedden (Chair), the Chairman, the Chair of the Audit Committee and Di Nash.

Carried

The first meeting would be after the Building and Change Committee on Tuesday 8 July 2003. The Terms of Reference of the Building and Change Committee are to be reviewed by that Committee.

Parking was a major issue with the shift of people to Grafton with questions on the status of parking and anomalies in policies and a need to put patients first. Paul Jepson presented to the Board outlining the parking numbers, both now and the end-state. The principal policy was to satisfy public demand and the availability of staff parking was

adjusted accordingly. Reserved spaces are no longer being sold in the heliport building and these are decreasing by natural attrition. Red sticker areas are reserved for clinicians and from September there will be an increase in the number of shuttle bus trips to achieve a fifteen-minute schedule.

Paul Jepson was thanked for his presentation and it was agreed that there needed to be better public relations advising the public on the availability of car parking. The Board supported the introduction of metered open area space parking and disapproved of any special parking arrangements to supplier or support companies.

4.2 ADHB Organisational Values Status Report

The report was noted.

4.3 Remuneration Committee

This had been dealt with under 4.1.

5. CHIEF EXECUTIVE'S REPORT

5.1 Report

Graeme Edmond spoke to his report. Leadership was making things happen in a positive way with a number of key projects being Creame, Sterile Supply Services, delivery of migration and deliver on budget with also a view to the future through regional collaboration. The Creame project had been harder than first thought in trying to introduce electronic medical systems which is proving to be very difficult. There was a struggle to recover losses on the project from within the services and to work with the Change Programme to address the clerical environment. The Project savings would be achieved. The provision of paper lab results would cease soon and the process was being managed through the Change Programme. Where clinicians had embraced technology good results were being achieved, however, it was challenging to some to change old cultures.

The original assumption of \$10m of service movement out of ADHB under the SREA HSDP business case had not been resolved but had been managed down to \$2m. This was being addressed.

The Board should be informed when the next Leadership and Action workshops were to be held so they could attend.

Salary overpayments were still an issue although all staff had been advised with a note in their payslip that this was theft. There had also been a note in NOVA. NOVA would be used to encourage positive attitudes to migration over the next few months.

John Woods advised that the overtime for SMOs and RMOs was paid at the rate of 1, but if the Holidays Bill passed time would have to be paid on statutory days at 1.5. There was also a redefinition of casual staff who, if continually used, would be deemed to be permanent staff. Existing agreements would need to be renegotiated to remove the holiday loading. Average staff turn over was 17% and the Board asked for turn over trends by occupational group. Relying on natural attrition rather than disestablishing positions may not provide the right skill mix required by the ADHB.

5.2 Select Committee Final Report to the House of Representatives

The report was noted. The statement that the Cornwall Suite was only operating at 50% capacity was an error, the occupancy being 100% with Birthcare operating at 50% capacity. The ADHB were also unaware of the petition of Rodney Hide and 535 others.

5.3 2003/2204 District Annual Plan

The timetable was noted and Board members were requested to make any comments to the Chief Executive by Monday 7 July 2003.

Moved Susan Devoy, seconded Margaret Horsburgh

That the ADHB delegates authority to the Chairman and Chief Executive to finalise the 2003/2004 District Annual Plan and for the Chairman to sign the finalised plan on behalf of the Board.

Carried

5.4 2003/2004 Crown Funding Agreement

Moved Susan Devoy, seconded Margaret Horsburgh

That the ADHB delegates authority to the Chairman and Chief Executive to finalise the 2003/2004 Crown Funding Agreement and for the Chairman and the Chief Executive to sign the finalised plan on behalf of the Board.

Carried

The Chair and the Chair of the Audit Committee are to review the numbers in the agreement.

5.5 Regional Collaboration

The Anderson report noted the fact that 80% of New Zealand's Inter District Flows occurred in the Auckland region but failed to accept that there were savings to be gained by solving this problem. Ministers also supported a single Funder for the Auckland region so the conclusions on shared Funding and Planning were incorrect. Graeme Edmond advised that he would communicate the views of the Board to the other CEOs as well as analyse the Aitken and Anderson reports to come back to the Board with a plan forward.

The report was noted.

5.6 Tripartite Framework

It was noted that a number of unions, such as APEX, were not involved in the framework. The General Manager HR was requested to write to the Minister and Ministry advising that major unions were left out of the agreement and should be included. It was noted that the Budget Statement stated that organisations were responsible for their own settlements and that the statement that the Government accepted fiscal responsibility for pay equity may not be correct.

The Board adjourned to visit the new Sterile Supply Services in the Auckland City Hospital that combined seven previous areas into one. This was a crucial service to all operating theatres.

6. FINANCIAL REPORTS – MAY 2003

6.1 Financial Report

The report had been reviewed at the Audit Committee meeting and it was noted that May was not a particularly good month but had been improved by the release of some provisions.

6.2 Treasury Report

The Crown Funding Agency (CFA) had confirmed the need for an additional \$85m to complete HSDP. Negotiations were underway with CFA with regard to re-financing. No covenants were to be entered into that increased the requirement for equity. Ian Ward advised that Cameron and Co had been engaged to provide the Board with an independent review and advise on any arrangements.

7. BUILDING AND CHANGE COMMITTEE

There was no report from the Committee.

8. QUALITY COMMITTEE

The Quality Committee had not met in June.

9. AUDIT COMMITTEE

9.2 Logistic Services - HSL

This matter has been deferred awaiting an Internal Audit report. It was noted that the CE and CFO had been excluded from the Audit Committee discussions due to a conflict of interest.

9.3 Replacement Ventilators Enabling Contract

The Audit Committee had noted that the rights of renewal were in favour of ADHB and had also requested that the contract be with the main company, not a subsidiary.

Moved Vicki Salmon, seconded Pat Snedden

That the ADHB endorses an enabling contract for Intensive Care Ventilators from Draeger for a term of two years with one two year right of renewal.

Carried

9.4 INSTRUMENTATION

The Audit Committee had noted that the contract was non-exclusive and did not require a minimum purchase.

Moved Vicki Salmon, seconded Margaret Horsburgh

That the ADHB endorses the selection of MedChem Surgical to provide theatre instruments as appropriate.

Carried

9.5 Funder – Grafton Pharmacy

Moved Vicki Salmon, seconded Pat Snedden

That the ADHB Board approves the signing of a new pharmacy agreement with Grafton Pharmacy Ltd and authorises the Chief Executive to sign the agreements on its behalf.

Carried

The Audit Committee had discussed the term of lease with Grafton Pharmacy Ltd and noted that they were bearing the cost of the fit out in the new building.

9.1 Report

Vicki Salmon reported that the Audit Committee had adopted the Internal Audit Plan for 2003/2004, been updated on the Starship report on trustees, trustee rotation and had sought a meeting with the Foundation.

10. GENERAL BUSINESS

Board Training

A training day was to be organised with invitations to be issued to other Auckland DHBs.

Way Finding and Naming

Way finding and naming of Services would be considered by the Building and Change Committee.

Graeme Edmond advised that he had received a legal report on the use of 'national' in names advising that it could be used. The Chairman made the point that the question was whether the word 'national' should be used for a Service that is no longer a national service.

The use of Green Lane in relation to Cardiac Services is to be restricted to funding and teaching purposes.

Graeme Edmond advised that ADHB did not own 'Starship Children Health' and that in October last year there had been a request from the Starship Foundation to assign the names to them to enhance their ability to raise funds. Although Starship Children's Services were still using the logo and name Starship there may be a question of whether the Starship Foundation had to licence ADHB to use the name. It was noted Philip Fox had advised the ADHB on trademarks and had also acted for the Starship Foundation creating a possible conflict of interest.

A Board to Board level consultation was being sought with the Foundation to address a number of issues;

- clarity on who owns the names
- clarity on beneficiaries with reference to South Pacific Children
- the requirement to consult on membership of the Foundation Board
- name of the hospital service
- clarity on what monies had been received from the Foundation
- moves related to public health

11. NEXT MEETING

The meeting closed at 4.50pm.

The next meeting will be held on Thursday 7 August 2003
Marion Davis Library, Auckland City Hospital, Grafton

CONFIRMED

CHAIR

DATE