

AUCKLAND DISTRICT HEALTH BOARD

**Minutes of the Auckland District Health Board meeting
held on Thursday 4 December 2003
in the Marion Davis Library, Building 43,
Auckland City Hospital
commencing at 1:15pm**

1. ATTENDANCE AND APOLOGIES

Board Members

Wayne Brown (Chair)
Margaret Horsburgh
Crystal Beavis
Harry Burkhardt
Di Nash
John Retimana
Vicki Salmon
Ian Scott
Pat Snedden

Management in Attendance

Garry Smith – Interim Chief Executive Officer
Marek Stepniak – Chief Operating Officer
Michael Boersen - Chief Financial Officer
Denis Jury – GM Planning, Strategy & Funding
John Woods – GM Human Resources
Brenda Saunders – GM Communications
Ian Bell - Board Administrator

Apologies

The Chairman declared the meeting open at 1:56pm.

An apology had been received from Dame Susan Devoy.

2. CONFIRMATION OF MINUTES 6 NOVEMBER 2003

Moved Ian Scott, seconded John Retimana

That the minutes of the meeting of the Auckland District Health Board held on 6 November 2003 be confirmed as a true and correct record.

Carried

3. ACTION POINTS 6 NOVEMBER 2003

Michael Boersen tabled a paper on areas of review from the 2003/2004 budgets which showed the top variances where investigation and explanations were being sought. Areas included increased treatment costs, particularly in Haematology and Oncology and re-forecasting of the new facilities costs which could possibly be \$1m over budgeted.

Marek Stepniak advised that he was using the information produced by the CFO and engaging with clinical staff to get a better understanding of variances in expenditures.

Details were being used as well as the three year trends. The highlighting of variances also raised the question of whether there had been a change in clinical practice.

The inadequacies at the border and migration issues had been raised with MPs.

4. CHAIRMAN'S REPORT

Wayne Brown advised that the activities undertaken in the month had been:

- A meeting with the Starship Foundation with the CEO where a list of 14 items/concerns were tabled including differences between sums stated and received, what were truly national services etc. This also included separation of the A+ Charitable Trust and the Greater Auckland approach being undertaken. The Foundation had thanked them for their vision and invited Wayne Brown to become a Trustee. A planning session on what ADHB wanted to do for children and Greater Auckland rather than nationally was to be undertaken.
- Attending the Greenlane closing function with Margaret Horsburgh.
- A visit to the Epsom Daycare Centre where he noted that Maori were over represented.
- Regional meetings regarding Greater Auckland and meeting with Regional CMOs.
- Meeting with Auckland MPs.
- Addressing the lack of savings and the need to push change to imbed savings.
- Meeting with HSDP on the closing off of the Fletchers contract and briefing on the Support Building contract with Mainzeal for \$25m.

Moved Vicki Salmon, seconded Ian Scott

That the ADHB Board gives delegated authority to review and approve all detailed documentation, cost analysis, contractor's contract details and construction risk profiles together with all appropriate consultant endorsements to the Building Committee of the Board and if so approved by the Committee to enter into a construction contract with Mainzeal Construction Ltd, and further authorises the Chairman jointly with one other member of the Building Committee to sign such approved contract on its behalf.

Carried

- Visit to ED with Mayor Banks, the CEO and Nigel Murray at 10.30pm on a Friday night where everything was being handled quietly and efficiently. This was very impressive and he thanked Peter Freeman and his staff.
- Meeting with Bruce Twaddle which was a productive discussion on Orthopaedics and the issue of access to surgery/theatres. Bruce Twaddle was supportive of the Regional approach.
- Meeting with Professor Smith and David Sage regarding the MRI where he thought agreement had been reached. Meeting with the Chair of the A+ Charitable Trust, Richard Frith discussing addressing adult requirements and adopting a different approach to fund raising.
- Attending the Clinical Board meeting. Telephones were discussed and seen as an IT problem where it should be seen as a communications problem involving how we communicated both internally and externally. Weekly meetings were being undertaken by the Clinical Board to raise issues but not solutions in a timely manner and setting of timelines for a resolution. This was acknowledgement that 80% of the changes were right but 20% may need to be amended and this provided a forum for communication.
- Print Media Copyright Agency was seeking to make charges for use of copyright. He suggested charging the media for attendance at ADHB meetings.

5. INTERIM CHIEF EXECUTIVE'S REPORT

5.1 Progress Against ADHB's Key Goals and Key Issues

5.2 Operations Report

5.3 Shared Services Report

5.4 Planning, Strategy and Communications

Garry Smith spoke to his reports.

Control Our Finances

- CRIS options would be taken to the Clinical Board on Monday and the Building Committee on Tuesday.
- There was a focus on surgical volumes.
- Focusing on embedding sustainable savings into the organisation to ensure that they are ongoing.
- The National Pricing Project had only received data from seven DHBs and this issue would be escalated if necessary as discussed at the Audit Committee meeting where it had been agreed to take an aggressive stance. Stephen Munn had given an example to the Audit Committee of kidney transplants costing \$50k - \$70k being priced at \$8k standard and \$17k for complicated which meant a \$40k shortfall on each operation performed for other DHBs.
- PHO funding between the three Auckland DHBs was being resolved.
- There was increasing information relating to the funding for older people which did not increase his comfort. The risk pool resolution had been delayed until the new year.

Building Programme

- Auckland City Hospital had practical completion certification issued and was fully code compliant.
- Paediatric operating theatre and PICU were on budget and on time.
- Auckland Hospital had fully migrated into the Auckland City Hospital with now a focus on the next moves.
- National Women's migration was delayed to June now that there was detailed sequencing in a contractual relationship through the Support Building contract.

Change Programme

- Support issues for Greenlane Clinical Centre were being resolved.
- CRIS delays were being addressed with proposals on processes being agreed in the forth coming week.
- Shared Services Regional Project had taken time with a consolidated report to be prepared by 10 December 2003.
- Concern was expressed at the reduced FTEs in the Change Programme team which increased pressure on existing people and the Manager, Trish Langridge. Most of the moves of staff has been back into services so their skills were not lost to ADHB, an example being the APU Charge Nurse.

Lifting the Health of Aucklanders

- The Funding envelope was expected before Christmas and anomalies would need to be addressed to protect the ADHB population.

- DSS was operationally bedding down well as a regional approach under NDSA.
- Mental Health blue print money was being implemented into projects.
- The Maori Health Advisory Committee would have input into the next planning round of the District Annual Plan.
- Accreditations had been achieved with very high scores which reflected the quality of the Provider arm. This had also been achieved in a year of change and the efforts of the staff were acknowledged.
- Another letter had been received by Board members from Dr Shanks in response to David Knight's reply to her initial letter and a further reply would be developed.

5.5 Approval of 2003/2004 District Annual Plan

Denis Jury advised that the changes gave more detail on Mental Health and the Financials reflected the removal of the asset revaluation.

Moved Vicki Salmon, seconded Ian Scott

That the ADHB approves the amended 2003/2004 District Annual Plan for submission to the Ministry of Health and authorises the Chairman to sign the finalised plan on behalf of the Board.

Carried

5.6 Crown Financing Agency

Moved Pat Snedden, seconded Vicki Salmon

That the Auckland District Health Board resolves that:

- Auckland DHB approve the CFA Documents and the CFA Transactions;*
- Auckland DHB enter into, execute and deliver the CFA Documents and exercise its rights and perform its obligations under the CFA Documents and the CFA Transactions;*
- The following persons be authorised (acting together) to enter into and execute the CFA Documents and be authorised (any one of them acting alone) to give and execute any notices and other communications and to take any other action required under or in connection with the CFA Documents on behalf of Auckland DHB:*

Name	Position
Wayne Brown	Chairman
Vicki Salmon	Chair of Audit Committee

- The persons from time to time holding the following positions be authorised (any one of them acting alone) to give and execute any notices and other communications and to take any other action required under or in connection with the CFA Documents on behalf of Auckland DHB:*

Position
Chief Executive Officer
Chief Financial Officer

Carried

5.7 ASB Bank

Moved Ian Scott, seconded Vicki Salmon

That the Auckland District Health Board resolves that:

- (a) *Auckland DHB approve the ASB Documents and the ASB Transactions;*
- (b) *Auckland DHB enter into, execute and deliver the ASB Documents and exercise its rights and perform its obligations under the ASB Documents and the ASB Transactions;*
- (c) *The following persons be authorised (acting together) to enter into and execute the ASB Documents and be authorised (any one of them acting alone) to give and execute any notices and other communications and to take any other action required under or in connection with the ASB Documents on behalf of Auckland DHB:*

Name	Position
Wayne Brown	Chairman
Vicki Salmon	Chair of Audit Committee

- (d) *The persons from time to time holding the following positions be authorised (any one of them acting alone) to give and execute any notices and other communications and to take any other action required under or in connection with the ASB Documents on behalf of Auckland DHB:*

Position
Chief Executive Officer
Chief Financial Officer

Carried

5.8 Negative Pledge Deed

The Treasury Manager gave a brief explanation of what a Negative Pledge Deed was.

Moved Crystal Beavis, seconded Ian Scott

That the Auckland District Health Board resolves that:

- (a) *Auckland DHB approve the Negative Pledge Documents and the Negative Pledge Transactions;*
- (b) *Auckland DHB enter into, execute and deliver the Negative Pledge Documents and exercise its rights and perform its obligations under the Negative Pledge Documents and the Negative Pledge Transactions;*
- (c) *The following persons be authorised (acting together) to enter into and execute the Negative Pledge Documents and be authorised (any one of them acting alone) to give and execute any notices and other communications and to take any other action required under or in connection with the Negative Pledge Documents on behalf of Auckland DHB:*

Name	Position
Wayne Brown	Chairman
Vicki Salmon	Chair of Audit Committee

- (d) *The persons from time to time holding the following positions be authorised (any one of them acting alone) to give and execute any notices and other communications and to take any other action required under or in connection with the Negative Pledge Documents on behalf of Auckland DHB:*

Position
Chief Executive Officer
Chief Financial Officer

Carried

5.9 2004 Elections

There was discussion on the order of candidate's names for the 2004 election with the options being alphabetical, pseudo-random or random order. It was noted that the Auckland City Council had decided on names in alphabetical order.

Moved Ian Scott, seconded Margaret Horsburgh

That the Auckland District Health Board resolves to adopt the alphabetical order of candidate names as permitted under regulation 31 of the Local Electoral regulations 2001.

Carried

6. FINANCIAL REPORTS - OCTOBER

6.1 Financial Report

This had been discussed at the Audit Committee with a major focus on returning costs to the Annual Plan. Marek Stepniak and his team had focused on areas for examination in detail and how savings would be achieved including catching up the existing over expenditure. The Audit Committee had noted the forecast but not accepted it knowing that more work was to be undertaken. Provider arm actions had been tabled at the meeting. It was noted that ADHB was performing to contract and their population was being served. It was also noted that migration was moving 4,500 people to new locations which was equivalent to moving the population of a small town.

6.2 Treasury Report

An equity claim had been lodged to rectify the interest cover breach within the rectification period. The good relationship between Audit and Treasury in finalising the claims was noted.

7. DISABILITY SUPPORT ADVISORY COMMITTEE

Margaret Horsburgh advised that the Regional meeting, in its revamped form, had been held the previous month with 30 people attending. It would take a while for this Committee to function and make any achievements. The meeting had too much on its agenda and the presentations from MoH were too long. ADHB was taking a strategic approach rather than addressing specific issues.

Wayne Brown noted that while the Ministry had devolved some \$250m of expenditure to the DHB and transferred risks MoH staff had increase from 900 – 1200. With devolution a reduction in MoH staff would have been expected.

8. BUILDING COMMITTEE

The Committee was meeting next week. The Auckland City Hospital building had been finished on time and budget which was a huge achievement. Concentration would now be on the Change Programme which had fallen behind.

9. QUALITY COMMITTEE

Margaret Horsburgh advised that the Committee had had a workshop type meeting with a presentation on governance questions the Board should be asking about quality. She

expected a higher profile on quality in the forthcoming year at Board level focusing on monitoring and giving emphasis to quality as part of the Annual Plan. The Committee was starting to track some of the clinical indicators and while accreditation had been successfully achieved there were still improvements that could be made. The Committee would be focusing on indicators and processes.

10. AUDIT COMMITTEE

10.1 Report

Vicki Salmon advised that the Audit Committee addressed a large agenda with expenditure proposals, the financial reports and actions being undertaken and Internal Audit reports.

10.2 Haemodialysis Consumables and Concentrate

Moved Vicki Salmon, seconded Ian Scott

That the ADHB approves the selection of Fresenius Medical Care for the provision of Haemodialysis consumables and concentrate for a estimated annual value of approximately \$1.3m for a period of 3 years with 1 right of renewal of 2 years

Carried

10.3 Supply of Medical and Surgical Dressings

Moved Vicki Salmon, seconded Ian Scott

That the ADHB approves the selection of the following companies for the provision of Surgical and Medical Dressings for the following annual values exclusive of logistics mark up from Health Support Limited:

<i>Smith and Nephew</i>	<i>\$880k</i>
<i>USL Medical</i>	<i>\$150k</i>
<i>HSL</i>	<i>\$170k (includes logistics)</i>
<i>3m</i>	<i>\$ 60k</i>
<i>Jackson Allison</i>	<i>\$ 20k</i>

A total of an estimated value of contracts of \$1.28m for a period of 5 years with 2 rights of renewal for a further 2 and 1 years respectively.

Carried

10.4 Licences to Occupy Auckland City Hospital

Moved Vicki Salmon, seconded Margaret Horsburgh

That the ADHB approves the following licences to occupy at Auckland City Hospital (subject to Ministerial approval)

*Flower and Gift Shop
Planet Espresso Coffee Bar
Muffin Break
Hospital Bookshop
Starship Hospital School*

and that the execution of the licences be delegated to the CEO and CFO

Carried

10.5 Licence to Occupy Greenlane Clinical Centre

Moved Vicki Salmon, seconded Ian Scott

That the ADHB approves the licence to occupy at Greenlane Clinical Centre, subject to Ministerial approval, for Muffin Break and that the execution of the licence be delegated to the CEO and CFO

Carried

It was noted that Ministerial consent had been obtained.

10.6 Starship Family Room

The Audit Committee had sought clarification about the service level agreements so that they would not have an adverse impact on the valuation of assets.

Moved Vicki Salmon, seconded Harry Burkhardt

That the ADHB:

- 1. approves the structural redevelopment at Level 3 within Starship enabling Ronald McDonald House to occupy the area of a family room*
- 2. grants a licence to occupy to Ronald McDonald House Trust for a term of ten years with a right of renewal for a further 5 years, subject to Ministerial approval and on the condition that the licence can be terminated if the area is required for hospital purposes*
- 3. delegates to the CEO the approval of the legal form of the licence and to execute it with the Trust*
- 4. delegates to the CEO the execution of a Service Level Agreement with Ronald McDonald House Trust defining the services to be provided and setting the monetary reimbursement at a sum equivalent to the annual rental payable in each year of a lease of the area.*

Carried

10.7 Ronald McDonald House Extensions

Moved Vicki Salmon, seconded Wayne Brown

That the ADHB:

- 1. gives approval to Ronald McDonald House Trust to construct the Ronald McDonald House extensions as submitted*
- 2. grants a variation of the existing ground lease incorporating the associated additional land to Ronald McDonald Auckland Trust for a term of 25 years, expiring on 9 December 2027, subject to Ministerial approval*
- 3. delegates to the CEO the approval of the legal form of the variation of the existing ground lease and to execute it with the Trust*
- 4. delegates to the CEO the execution of a Service Level Agreement with Ronald McDonald House Trust defining the services to be provided and setting the monetary reimbursement at a sum equivalent to the annual rental payable in each year of a lease of the area.*

Carried

10.8 Replacement Linear Accelerator and Replacement Simulator

Ministerial approval had been received based on ADHB providing the funding out of the cash flows rather than by equity. The Treasury Manager had assured the Audit Committee that this could be managed. The Audit Committee made the recommendation to the Board on the basis that it was determined not to extend waiting lists any further and could be funded by ADHB. They also discussed ways of improving productivity of the equipment.

Moved Harry Burkhardt, seconded Di Nash

That the ADHB approves the submission of the Replacement Linear Accelerator and Replacement Simulator Business Case for \$5.47m to the Ministry of Health noting that the cash requirements will be \$1.09m in 2003/2004 and \$4.38m in 2004/2005 noting that this is to be funded from ADHB's cash flow and would not impact on the DAP.

Carried

10.9 Car Park Operating Licences

An RFP for the licences had been issued with presently six responses of which four were positive with two still being processed. The tender closed on 16 December 2003 and assessment was expected to be completed by the end of the year. The effect of the process was that \$15m revenue was received in this financial year instead of being spread over future years.

The approval of the Minister of Health to the licence(s) for Car Parking Facilities at Auckland City Hospital and Greenlane Clinical Centre was noted.

11. GENERAL BUSINESS

There were not items of General Business

12. NEXT MEETING

The meeting closed at 3.42pm.

The next meeting will be held on
Thursday 5 February 2004,
Marion Davis Library,
Auckland City Hospital
Grafton.

CONFIRMED

CHAIR

DATE