

## AUCKLAND DISTRICT HEALTH BOARD

Minutes of the Auckland District Health Board meeting  
held on Thursday 3 November 2005 in the Marion Davis Library  
Building 43, Auckland City Hospital, Grafton  
commencing at 1:30 pm

### 1. ATTENDANCE AND APOLOGIES

#### Board Members

Wayne Brown (Chair)  
Tony Bierre  
Chris Chambers  
Virginia Hope  
John Retimana

Ross Keenan  
Harry Burkhardt  
Barry de Geest  
Di Nash

#### Management in Attendance

Garry Smith – Chief Executive Officer  
David Sage – Chief Medical Officer  
Denis Jury – Chief Planning and Funding Officer  
Roger Jarrold – Chief Financial Officer  
Taima Campbell – Executive Director Nursing & Midwifery  
Janice Mueller – Director Allied Health  
Andrew Norton – General Manager Human Resources  
Ian Bell – Board Administrator

#### Apologies

The Chair declared the meeting open at 1:16 pm.  
Apologies had been received from Ian Scott and Nigel Murray.

### 2. CONFIRMATION OF MINUTES – 6 OCTOBER 2005

Moved Ross Keenan, seconded John Retimana

*That the minutes of the Auckland District Health Board meeting held on 6 October 2005 with the amendment that Roger Jarrold was appointed Chief Financial Officer be confirmed as a true and correct record.*

Carried

### 3. ACTION POINTS – 6 OCTOBER 2005

There were no matters arising from the minutes.

## 5. CHAIRMAN

### 5.1 Report

Wayne Brown reported on his activities for the month to the Board:

- He had attended the Strategic Plan Consultation meeting at the Orakei Marae which had been an excellent day.
- He had attended the function at the Medical School to welcome the new Dean, Iain Martin.
- He had been briefed on some employment issues.
- He had met with the CEO and the team undertaking the service reviews.
- Graham Aicken, the Board advisor, had reported to the Minister of Health. Graham Aicken was now working on the service reviews.
- Planning was being undertaken for the recognition week with the Minister of Health and Sir Hugh Kawharu invited to unveil a plaque. He was also attempting to contact the former Minister.
- He had attended the Starship Foundation meeting who were supporting the safe kids/safe houses project.
- He had chosen not to agree to the aged care price increase as it ignored that ADHB already paid more and the Territorial Local Authority adjuster was being ignored by other DHBs. He had received an e-mail at 4:50 pm on a Friday demanding that he accept the proposal by 9:00 am on the Monday. After consultation with the CEO they had agreed not to as (a) it had a financial impact; (b) ADHB already paid more; (c) PBFF perpetuates the gap with other DHBs; (d) ADHB would be accused of over servicing its population; (e) they were scheduled to see the Minister the next Tuesday where they could raise the issue. The Deputy Chairman stated that the Waitemata District Health Board had also not agreed to the increase. Subsequently the increase had been agreed to following assurances by the Minister that ADHB would be funded.
- Responses had been made to the Minister's assessment of ADHB's performance 2004/2005.
- He and the CEO had met the new Minister who had been briefed on ADHB by the MoH. They had presented to the Minister on ADHB and what was different from other DHBs. Other points raised were:
  - He had been involved with 17 year end results with DHBs and had always delivered results ahead of budget.
  - ADHB needed consistent messages from the centre, an example being the aged care price increase not being consistent with PBFF.
  - They had explained National Services, the tertiary adjuster and that ADHB lost more on work for other DHBs.
  - The root causes of ADHB's losses.
  - Presently ahead of budget which demonstrated that progress was being made.

The presentation had been assessed as favourable by MoH officials and he thanked the CEO for his support. It was important that the service reviews proceeded to maintain credibility.

The Board agreed to the Chair and the Chair of the Audit Committee determining the CEO's at risk payment for the financial year ended 30 June 2005.

#### **4. CLINICAL PRACTICE COMMITTEE**

Stephen Munn, Chair of the Clinical Practice Committee, presented to the Board. He was a transplant surgeon who had worked for ADHB for seven years and he introduced Caroline McAleese, Secretary to the Board and Steven Streat, Deputy Chair. The presentation covered the background to the formation of the committee with the increased accountability of clinical directors in 2004 and linking that responsibility with the ability to control resources and calling on his experience of a Clinical Practice Committee at Mayo. Other matters covered were the terms of reference, website and submissions, examples of CPC work and the national context with the new Health Evaluation Assessment Framework being developed by the MoH. Examples were given of the scoring tool and its application.

The Board firmly support the Committee applying an analytical unemotional approach to clinical issues. The Clinical Practice Committee was not a monitoring body and only responded to specific requests but would address, if asked current practices where technologies should be sunsetted or where procurement was increasing costs the service would be asked to explain to the Committee. A procurement question had been raised at the previous day's Audit Committee meeting. The membership of the Committee, being 11 clinicians, had been selected for their ability to do the job being some of the busiest and best reputed clinicians.

The Board congratulated the leadership and the Committee. The Committee had been requested to take the model to other DHBs.

#### **5.2 Regional Report**

Ross Keenan advised that the CEOs and Chairs would be meeting on the 17 November 2005 with CEOs reporting on work streams which included productivity, benchmarking, PHO performance and regional service and facility planning which was vital to have regional signoff. There were concerns at the meca process and the cost increases for the region as a result. The laboratory review would be looking at efficiency of hospital laboratories and the regional Internal Audit service would be established by March 2006. Other matters that could be progressed regionally may be air travel and vehicle leasing. The region had reinforced ADHB as the lead provider of cancer services. There was a need to address PBFF regionally to support further funding moving north.

### **6. CHIEF EXECUTIVE OFFICER**

#### **6.1 Report**

Garry Smith advised that the focus was on service reviews and Celebration Week. Leadership in the organisation was beginning to show results with improved financial performance and detailed objectives would be reported to the next meeting. New performance assessment for staff had been issued with less paper and a more direct link to the ADHB objectives.

The service reviews progress covered communication and governance, data collection and resources which would be viewing utilisation of services and efficiency which would be built in to the three year business plans which would be revised annually. No services would be exempt from the reviews but in the meantime national services reviews would be deferred. Early findings where that the average cost per weiss was invariably higher

than our peers. 19 priority services were being reviewed which counted for 60% of ADHB's losses.

The flyer and timetable for the Celebration Week were distributed with Board members specifically asked to attend a number of functions. Fuller briefings on the week would be issued to members.

Pricing and the tertiary adjuster had been discussed at the Audit Committee with the gap between ADHB's requirements and the MoH calculations being \$3m and so still an issue. ADHB had not been consulted fully and excluding ADHB from the pricing model was flawed. ADHB was querying the assumptions in the model as the change in philosophy and principles were serious. It was thought that the Auckland region was \$30m under funded so moves to full PBFF early should be pursued. The issue of DHBNZ voting on the price model had been raised with the Minister. Analysis was being undertaken to try and demonstrate that other DHBs spent more on their Providers than the national prices indicated.

### **6.3 Domain Car Park**

Paul Jepsen, Manager of Facilities Management, introduced Richard Harris of Jasmex who presented the conceptual designs for the Domain carpark to the Board. The Urban Design Panel had been approached to work with them as the position of the carpark was prominent at the end of a prominent street and they wanted to get early feedback, some of which had been constructive. A large proportion of the carpark would be mobility parking. The presentation included an external cladding and the Board requested the premium price being paid for that above having an open carpark to be quantified. Further work would be undertaken on the economic/investment model.

The Board appreciated the presentation but reservations were expressed on the input of the Urban Design Panel.

### **6.4 Overseas Travel and CME**

Andrew Norton advised that this was a contractual requirement under the meca which was an entitlement which had increased in recent years, both in numbers of days available and dollars. Clinical Directors approved courses to ensure that they are relevant although there may be difficulties in getting alignment between the individual's and ADHB's organisational objectives. The Chief Medical Officer was concerned at the under spend with currently there being a 44% draw down against the entitlement compared with 66 % a few years ago.

CME has been excluded from the ADHB travel policy as the then preferred provider when the policy was developed could not supply the add-ons above airfares and better value had been obtained by shopping around. The present preferred provider contract was being subject to a Internal Audit review.

It was noted that there may be a change in attitude to overseas travel with more continued education being provided through the Clinical Education Centre and a trend to attend specialists' conferences rather than general conferences. The entitlement would be raised as part of meca negotiations.

The Board noted the update.

## 7. FINANCIAL REPORT – SEPTEMBER 2005

The report had been discussed fully at the Audit Committee meeting with results better than budget and the Audit Committee had requested that the end of year forecast be revised to reflect the improvements.

## 10 AUDIT COMMITTEE

### 10.1 Report

The Audit Committee had been updated on the oncology service future planning which had extended the time to purchase an additional linear accelerator by 18 months.

### 10.2 Licence to AUT to Occupy Costley Building GCC

Moved Wayne Brown, seconded Harry Burkhardt

1. *That the Board approves the proposal to grant a Lease of the Costley Building, to the Auckland University of Technology (AUT) for a period of 20 years with first right of refusal for an extension of the lease, subject to:*

- (a) *Ministerial consent (required for any lease beyond five years).*
- (b) *The Board's approval of the proposed upgrade of the building.*
- (c) *AUT occupying the building essentially rent-free in exchange for the seismic upgrading and total upgrade and refurbishment of the interior and exterior of the building. These works will be clearly specified in the lease as the "Tenants Works" and are expected to have a value of approx. \$3,000,000 based on quantity surveyor (Rider Hunt) estimates.*
- (d) *AUT completing the "Tenants Works" before taking occupancy and commencing the lease on 1st January 2007.*
- (e) *AUT paying all operating costs for the period of the occupancy including utilities and routine interior and exterior maintenance.*
- (e) *AUT making a financial contribution (by way of rent) to any major maintenance projects required during the term of the lease.*
- (f) *First right of refusal at 20 years be negotiated between the parties as to the terms and conditions of any extended term.*

2. *That the CEO be delegated to approve the legal form of the lease, and execute it with AUT.*

Carried

It was noted that the Audit Committee had requested the ability for ADHB to terminate the lease at 20 years with no renewal to be included in the legal documentation.

### **10.3 Orthopaedic Instrumentation for Orthopaedic Initiative**

Moved Harry Burkhardt, seconded Wayne Brown

*The Board of ADHB approves the purchase of Orthopaedic Instrumentation and equipment for ADHB OR and Anaesthesia for \$319, 110.30.*

Carried

### **10.4 Tandem Mass Spectrometer**

Moved Wayne Brown, seconded Harry Burkhardt

*The Board of ADHB approves a contract for a Tandem Mass Spectrometer from New Zealand Scientific Pty Ltd for \$440,078 with other costs of Delphic – Simpl Interface solution \$48,310, laptop and data show \$5,727 and pipettes \$4,200 a total of \$498,315. Funding for this Tandem Mass Spectrometer is from Starship Foundation. Approval is subject to the CFO being satisfied that the projected necessary revenue streams are adequate and the NSU is willing to commit to a satisfactory term.*

Carried

### **10.5 Clinical Research via A+ Charitable Trust**

Moved Chris Chambers, seconded Virginia Hope

*The Board of ADHB endorses:*

- *The policy that all clinical research undertaken within ADHB be undertaken via one governance structure and one process;*
- *The creation of a Research Review Committee of the Clinical Board with clinical and scientific oversight in respect to research within ADHB;*
- *Empowering the A+ Trust to contract for research to be undertaken within ADHB and to provide a mechanism for funding of clinical research with ADHB;*
- *The transfer of existing research contracts and research funds to the A+ Trust. As at 30 September 2005 accumulated research funds amounted to \$3,983,418;*
- *Introduction of limitations on the activities of the A+ Trust involving ADHB and ADHB employees to ensure alignment with ADHB strategies and priorities;*
- *Modifications to the Trust Deed to the A+ Trust to create a legally independent entity whose activities should be exempt from consolidation with ADHB; and*
- *The principle that any research within ADHB is funded as to the full salary costs of research staff involved plus 65% for overhead recovery. This figure is the result of inquiries amongst other institutions who have instituted a similar discipline in respect to research sponsored by external parties.*

Carried

## **8. DISABILITY SUPPORT ADVISORY COMMITTEE**

Barry de Geest reported that the regional DSAC meeting had been held and part of the agenda was addressing the reasons for having a regional DSAC. The MoH were looking at boundary issues to see what should be done compared with what is presently being done before looking at how it is funded. It was suggested that the MoH be billed for those that should be treated under disability funding rather than personal health. It was noted



that the Minister had been well informed about the issues. If progress is not made on resolution this is to be raised further with the Board.

Friday 2 December 2005 would be a Disability Awareness Day initiated by the Auckland City Council and the Board was invited to consider a team entry for the corporate day to be advised to the Committee Chair.

**9. QUALITY COMMITTEE**

Issues raised at the Quality Committee were audit of NGOs contracts which were focused on price and volume and not quality with a request by the Committee to have KPIs developed in contracts and when contracts were renewed. NGOs may not have sufficient funding to address quality issues and may need assistance with resources. Also of concern for the Committee were quality issues if NGO FTE vacancies were not being filled. It was suggested that the Quality Committee issues be presented in a short bullet point paper to the Clinical Directors meeting on Friday 2 December 2005.

**11. GENERAL BUSINESS**

There were no items of general business

**12. NEXT MEETING**

The meeting closed at 3:47 pm.

The next meeting will be held on:  
Thursday 1 December 2005  
Marion Davis Library  
Building 43  
Auckland City Hospital  
Grafton

**CONFIRMED**

**CHAIR:** .....

**DATE:** .....