

AUCKLAND DISTRICT HEALTH BOARD

Minutes of the Auckland District Health Board meeting
held on Thursday, 2 November 2006, 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)	Ross Keenan
Harry Burkhardt	Chris Chambers
Barry de Geest	Virginia Hope
John Retimana	

Management in Attendance

Garry Smith – Chief Executive
Denis Jury – Chief Planning and Funding Officer
Viv Rawlings - GM HR Operations
Liam Sheridan – Finance Manager
Ian Bell – Board Administrator

Apologies

The Chair declared the meeting open at 1:16 pm.
Apologies had been received from Di Nash and Ian Scott as well as David Sage, Roger Jarrold and Janice Mueller.

2. CONFIRMATION OF MINUTES – 5 OCTOBER 2006

Moved Barry de Geest, seconded Ross Keenan

That the minutes of the Auckland District Health Board meeting held on 5 October 2006 be confirmed as a true and correct record.

Carried

3. ACTION POINTS – 5 OCTOBER 2006

Communications

Communications, including the Boards messages, on an organisational wide wheel would be brought to the December meeting.

National Urban Design Protocol

This was promoted by the Ministry for the Environment and had been supported at the CPHAC meeting in December 2004. The Auckland City Council Urban Design Panel was different from the national urban design protocol which promoted design to improve health outcomes.

Celebration Week 20-24 November 2006

The detailed programme was distributed to Board members and it was suggested that the Board members form a team for the "Pub Quiz" which was being held on Thursday 23 November 2006. This is to be coordinated through the Board Administrator.

4. CHAIRMAN

4.1 Report

Wayne Brown reported on his activities for the month:

- The regional Chairs meeting had been held on 12 October 2006
- Work had been progressed on the pricing project
- ADHB was not involved with the Otago IT fraud
- He had expressed no view to the media on the English smoking initiative of putting patients further down the queue if they did not stop smoking
- He had been kept informed of the 18 October 2006 pandemic exercise which had worked well
- There had been negotiations with the Minister on the District Annual Plan with agreement for 2006 - 2007 at \$20m deficit and 2007 - 2008 break even
- A Letter of Comfort had been received but the Audit Committee had considered that this may not be needed so may be returned
- He had received approval from the Minister to the building of the Domain Carpark building
- A letter had been received from the Auckland City Council concerning the Domain Carpark with the application to proceed accepting that greening of the building would be undertaken and if unsuccessful a façade would be considered
- The Deputy Chair had fronted the Health Select Committee enquiry into the Community Lab contract
- Jonathan Coleman, MP had requested a meeting and this would happen in 2007
- The Audit Committee had agreed to sponsorship jointly with the Auckland City Council of the Disabled Persons Assembly Conference
- He had corresponded with Vector and the CTU on their respective issues
- He had been kept informed of the DML legal challenge and there was concern with the risk of DML not completing their contract.

4.2 Regional Report

The Deputy Chair, Ross Keenan reported on his activities for the month:

- Board training for the three Boards proposed through Sheffield had been declined as being too difficult
- The regional meeting had been held on 12 October 2006 where the Waitemata DSAC position had been discussed, CEO work streams reviewed (which would be updated to Board members) and other regional issues
- There had been an update on the regional capital programme which would require sign-off by all Boards
- Pharmac procurement was being considered, this being through DHBNZ
- There had been discussion on elective surgery access to be standard across the region
- Boundary issues had been raised
- He had lead the Health Select Committee hearing emphasising that it was regional not ADHB and a regional process accounting for 2% of the regional

spend with a need for cost efficiency and that the District Health Boards were not the employer of DML staff. The focus of the Select Committee was on:

- (1) risk issues with the DHBs not “guaranteeing” the performance of the contractor who would be bound by the contract terms;
- (2) staff issues with the DHBs not being the employer and their concern at the risk of the ability of DML to deliver to contract in the last three months; and
- (3) delivery of service to the community with service delivery requirements being in the contract including accessing hard to reach populations.

5. DISABILITY SUPPORT ADVISORY COMMITTEE

The Chair of the Committee thanked the Board for their support of the Disabled Persons Assembly New Zealand (DPA) Annual Conference.

6. MAORI HEALTH ADVISORY COMMITTEE

The Chair of the Committee reported that they had met the previous day receiving a presentation on a Maori Mentoring Programme and a presentation from Tamaki PHO. The Committee had congratulated the Interim GM Maori on progress made and the approach of developing He Kamaka Oranga.

8. CHIEF EXECUTIVE OFFICER

8.1. Report

Garry Smith tabled the Board report Against Objectives for the first quarter. This was a method of managing to the goals of the organisation and worked well for line management. Copies went to the Auditors and were also posted on the intranet. Overall he was pleased with the progress. The Chair commented that it was a good tool, there had been good progress and if Board members wanted an explanation of any point they were to contact the Chief Executive.

It had been a difficult quarter with large volumes but low case weights. Authority for cancellation of elective surgery had been escalated.

Work had been undertaken on rebuilding the District Annual Plan to a \$20m deficit for 2006 - 2007 and break even the following year. The emphasis would be on maintaining and controlling costs with some of this to be achieved through the Operational Efficiency Project especially for the following year. These three projects and the payroll project were critical.

Effort would be continued on maintaining EPSI compliance. ACH had been granted three years accreditation from Quality New Zealand with high scores being achieved. The survey of Ambulatory Services had had positive feedback.

NCTA was providing regional management of RMOs with risks to RMO cover and a need to look at different ways of dividing up work as well as new ways of working.

The national brand of health had developed out of the National Workforce Committee to promote health as a good place to work and develop a career. The brand was being developed to attract talent.

The SMO project had suffered a number of staff losses and this is being picked up by the GM HR Operations with a view to moving the project into line management rather than having it as an outside project. The Board would be updated regularly. The ePharmacy project was experiencing some difficulties as some regional DHBs had withdrawn from the project and there was only installation of part of the system without the total model being agreed regionally at commencement. The Board requested information on what non CPE travel was. Sponsorship rules would be advertised in the December NOVA.

8.3 2005/2006 Fourth Quarter Report Ministry Assessment

This was provided to the Board for noting with good scorings being achieved.

9. FINANCIAL REPORT

The analysis of the deficit had been reported to the Audit Committee with the underlying deficit of \$100m first being made public following the MoH review. Progress was being made in reductions of interest, depreciation and capital expenditure with further analysis reported in the Financial Report on the forecast for the 2006 - 2007 year of \$20m deficit and proposed revised figures for 2007 - 2008 to break even. The land sale, being one off, needed to be covered in the 2007 - 2008 year. The Tier II payment had been negotiated with ADHB and MoH teams and the involvement of Chris Chambers was acknowledged. There would be risk particularly in wages and salaries. The DAP and Statement of Intent would be revised.

It was noted that there were 17 medical misadventure invoices to Accident Compensation Commission and the Board requested information on how many occurred each year and who was involved. It was noted that bad debts may become more significant as the deficit is reduced.

Moved Wayne Brown, seconded Harry Burkhardt

That the ADHB, as a matter of policy, seek to recover health services debt from ineligible patients from New Zealand Aid, Immigration Services or other governmental agency that have contributed to the debt being incurred and in the case of any debt incurred related to ineligible patients referred by any other District Health Board (DHB) from that DHB.

Carried

It was suggested that the idea of partnerships with Pacific Islands, not just clinical but in partnership with agencies such as New Zealand Aid, be considered. It was understood that Counties Manukau had these arrangements with Tonga and Samoa.

10. AUDIT COMMITTEE

10.1 Report

The Chair of the Audit Committee reported that the Committee had received a presentation from the Retail Group on retail opportunities and the Committee had extended their brief to consider other areas on Level 5, ACH. The Committee had met with the external Auditors and had gained a level of comfort on how ADHB was viewed externally. The Board Administrator had been asked to draft a response to the Letter of Comfort which now may not be required.

Internal Audit had reported that a supplier was moving to litigation rather than resolving the issues whereas when an issue arose with another supplier this had been rectified immediately. The CFO was to point out to the first supplier the value of ADHB custom and the expectation that suppliers will treat us with respect acknowledging there is obligations on both sides. The Procurement Tender Adjudication Process had been considered with weighting more towards price but acknowledging other components with continued development of this policy.

The District Annual Plan was being resubmitted and the Tier II payment work was done with the Ministry of Health. The budgets would be recast to the new DAP. The \$15m advance against Tier II was subject to completion of the national pricing and tertiary adjustment work. The Committee had acknowledged the work of management and the financial team in achieving the new DAP.

10.2 Orthopaedics Initiative Phase 2

This proposal had been approved by the Audit Committee at their October meeting but in terms of the Letter of Comfort may require approval as it was over \$1m although this proposal had been advised to the Ministry of Health at a recent meeting. It was part of the capital plan.

Moved Chris Chambers, seconded Virginia Hope

That ADHB approves the Orthopaedics Initiative Phase 2 to commission and staff a new theatre in January 2007, to purchase associated equipment and orthopaedic surgical instruments and to reconfigure beds within the surgical and rehabilitation service to enable the formation of a joint orthopaedic/rehabilitation ward capital expenditure of \$1,639,371 subject to the capital approval processes.

Carried

10.4 Relocate Cornwall House CMHC and Lotofale Pacific MHC

Moved Ross Keenan, seconded Wayne Brown

That ADHB approves:

- 1. the capital expenditure of \$858,669 less the contingency sum of \$78,000 to relocate Cornwall House CMHC and Lotofale Pacific MHC to Building 16 Cornwall Complex, and*
- 2. the contract for \$561,387 with Lucas Interiors Ltd for the building works component.*

Carried

10.5 Auckland Regional Linen and Laundry Services

Moved Ross Keenan, seconded Wayne Brown

That ADHB approves the regional contract for the supply of Linen and Laundry Services to Taylors Group Limited subsidiary Laytons Linen Hire Ltd for a term of 7 years with a 3 year right of renewal commencing 1 November 2007 for an estimated value of \$13.5m per annum.

Carried

10.6 ASB Bank Ltd, Commonwealth Bank of Australia

Moved Wayne Brown, seconded Ross Keenan

That ADHB approves the Deed of Novation, Acknowledgement and Amendment (relating to Revolving Cash Advances Facilit); Deed of Amendment (relating to Overdraft Facility) and authorises two Board Members to sign the Deeds on its behalf.

Carried

10.7 Dementia Beds

Moved Wayne Brown, seconded Harry Burkhardt

That ADHB authorises the Chief Planning and Funding Officer to sign variations to contract to provide for additional dementia bed capacity to a value of \$1,650,237 per annum.

Carried

11. GENERAL BUSINESS

There were no items of general business.



12. NEXT MEETING

The meeting closed at 2:48 pm.

The next meeting will be held at
1:30pm, Thursday 7 December 2006
Marion Davis Library
Building 43
Auckland City Hospital
Grafton

CONFIRMED

CHAIR:

DATE: