



## AUCKLAND DISTRICT HEALTH BOARD

**Minutes of the meeting of the Board held on Wednesday 31 July 2002  
in the Marie Hosking Room, Level 7, Building 14, Greenlane Clinical Centre, Auckland  
commencing at 1:15pm.**

The Chair declared the meeting open at 1:34pm.

### **Board Members**

Wayne Brown (Chair)  
Margaret Horsburgh (Deputy Chair)  
Crystal Beavis  
Susan Devoy  
Charles Lowndes  
Di Nash  
John Retimana  
Vicki Salmon  
Ian Scott  
Pat Snedden

### **Management in Attendance**

Graeme Edmond – Chief Executive  
Marek Stepniak – Chief Operating Officer  
Ian Ward - Chief Financial Officer/GM Shared Services  
Nigel Murray – GM HSDP  
Brenda Saunders - GM Communications  
Warren Warfield – HSDP Advisor  
Ian Bell - Board Administrator

### **1. ATTENDANCE AND APOLOGIES**

An apology was recorded for ReesTapsell.

### **2. PRESENTATION – HEALTH RESEARCH COUNCIL OF NEW ZEALAND**

Jane Holden, Chair of the Council introduced Dr Bruce Scoggins, Chief Executive, Dr Patricia Anderson, Research Policy Manager and Dr Michelle Sullivan, Manager, External Relations.

Jane Holden explained the usefulness of research as against just academic knowledge and its ability to answer hard questions impartially and objectively. The HRC is internationally benchmarked and cost effective. She gave examples of heart failure research with a potential to save \$2m in a population of 250,000 and skin ulcer research with improved healing rates at reduced cost.

Dr Patricia Anderson presented to the Board. She outlined a tripartite arrangement between a DHB, HRC and a project. Graeme Edmond raised the question of national priorities as against local priorities and stated that contributions from DHBs tended to impact on ADHB unduly. Dr Anderson explained HRC involvement in a Mental Health services planning project with links to a mental health research investment of \$1m pa over 5 years.

Margaret Horsburgh left the meeting at 1:56pm.

The HRC was involved in the national diabetes strategy. Graeme Edmond advised that Garry Smith, GM Funding and Service Planning, would be the interface between the Council and ADHB.

### **3. CONFIRMATION OF MINUTES 27 JUNE 2002**

Moved Vicky Salmon, seconded Pat Snedden

*That the minutes of the meeting of the Auckland District Health Board held on 27 June 2002 be confirmed as a true and correct record*

Carried

### **4. MATTERS ARISING FROM MINUTES**

The Board reviewed the matters arising from the previous meeting.

Pat Snedden advised that names and CVs for potential appointees to C&PHAC would be available in a few weeks. The Board agreed that Pat Snedden and John Retimana conduct interviews and recommend appointments to the Board.

The presentation on how to read and understand financial reports is to be held at the next Audit Committee meeting.

### **5. CHAIRMAN'S REPORT**

The Chairman noted the following:

End of year deficit of \$66.06m

Nurses' settlement

Meeting next week with Auckland City Council concerning Grafton Bridge. Graeme Edmond advised that he had also raised this with Bryan Taylor, Chief Executive, ACC.

Cogeneration visit and the independent report which supported a recommendation from the Audit Committee

CE's review

Capital inputs of \$15m for the Site Specific Adjuster and commitment of \$85m by the Crown

Meeting with the Chief Medical Officer who was positive about progress.

### **6. CHIEF EXECUTIVE'S REPORT**

#### **6.1 Report**

Graeme Edmond spoke to the key issues and focus. The June result included the sale of properties that had been completed before 30 June. Two collective agreements had been concluded and Service Workers were still negotiating with a further 14 days notice of strike received. He thanked staff volunteers for their support during the previous strike.

The surgical project in the Change Programme was at the high end of risk being time critical relating to centralisation, new systems and CSSD. A group of key people were addressing the issues and clarifying theatre capacity in the Auckland region.

The Smoke Free policy is being developed and would be coming forward to the Board. Charles Lowndes was assured that external smoking areas would be provided.

Funder deficits have been forecast for future years and the MoH would need to be engaged to reduce these to nil.

A paper on the Greenlane Clinical Centre was tabled.

Moved Vicky Salmon, seconded Pat Snedden

*That the ADH 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 and Change Committee and if so approved by the Committee to enter into a construction contract with Mainzeal Construction Ltd.*

Carried

Vicki Salmon advised that the Audit Committee had received an Internal Audit report on the PACs project that highlighted issues of Agfa's performance, which had been escalated to the GM HSDP, and testing procedures that management were actioning. Clinicians have found the system very good.

Graeme Edmond tabled a Three-Year Projections paper that had been reviewed by the Audit Committee. He advised that Funding income was all based on Official advice received except for reimbursement of the Nurses Settlement and that any effect of a move to population based funding had not been included. MoH had advised that losses in the Funder arm would not be accepted. Shown was the Funder deficits expected with a line for recovery. Savings of \$10m have yet to be identified for 2002/2003 but could not be achieved by staff reductions without compromising functionality of the organisation. The Impact of the Site Specific Adjuster had been based on ADHB calculations that differed from the MoH model that only recognised 70% of capital and assumed that if the capital was unspent it would never be spent. The comparative calculations were (MoH): 2003/04 \$52.8 (\$24m), 2004/2005 \$85m (\$51m). He also advised that it would be a challenge to hold operating costs. The figures would form part of the Annual Plan that had been approved by the Board, subject to finalisation of the financial projections, which would now be forwarded to the MoH to form a basis for discussion.

Moved Vicky Salmon, seconded Susan Devoy

*The ADHB approves the three-year financial projections for inclusion in the 2002/2003 Annual Plan.*

Carried

## **6.2 Future Fuels Strategy, Boiler Conversion and Cogeneration.**

This was considered with item 6.5, both being considered before item 6.3.

The Audit Committee had considered the fuels strategy and the independent advisors review and recommended to the Board that:

1. the conversion from coal to gas proceed
2. the long term gas supply agreements be confirmed, and
3. management proceed with the cogeneration proposal with external capital subject to the concerns raised in the consultant's report being addressed.

Moved Wayne Brown, seconded Vicky Salmon

*That the ADHB approves the longer term pricing agreements with Natural Gas Corporation Ltd and United Networks Ltd for gas transmission and distribution and services to Grafton and Greenlane sites.*

Carried

The Board broke for afternoon tea from 3:30pm to 3:46pm.

## **6.3 Human Resource Strategic Plan 2002 – 2003**

John Woods, GM Human Resources, presented to the Board.

Charles Lowndes left the meeting at 3:40pm.

Pat Snedden raised the question of flexibility in the context of fixed employment contracts negotiated at regional Meca and national levels. John Woods advised that there was a focus on 200 key people to implement priorities and provide the leadership in action programme. He also

advised that there was a recruitment strategy to have a more representative workforce, including Maori and Pacific Island, built into manager's employment plans.

The HR Vision was discussed. John Woods advised that the purpose of the Vision was to create a cultural setting and that team-orientation did not detract from accountability but encouraged working across boundaries in a collaborative manner. It was agreed that the Vision would include:

- Flexibility
- Patient focus

#### **6.4 Greater Auckland Collaborative Briefing Paper**

The papers were noted.

#### **6.5 Approval – Natural Gas Transmission and Distribution Contracts**

This item had been considered with item 6.2 earlier in the meeting.

### **7. FINANCIAL REPORT - JUNE**

Vicky Salmon advised that the financial results and provisions had been reviewed at the Audit Committee meeting.

Moved Vicky Salmon, seconded Susan Devoy

*That the ADHB adopts the year end financial result of \$66.06m deficit for submission to audit.*

Carried

Wayne Brown thanked the staff and Board for the result achieved.

Ian Ward advised that the audit had commenced for a period of three weeks and statutory accounts would then be brought to the Board for adoption. The monthly phasing of the 2002/2003 budget was being undertaken including phasing of earned income. Reporting against budget may take a couple of months to settle down. Monthly results of a deficit of \$7.5m pm were expected in the first few months until savings became apparent.

Ian Ward advised that the Working Capital deficit of \$84m at 30 June 2002 had improved with \$29m reclassification to long term debt and receipt of \$45m, HSDP (\$15m) and deficit support (\$30m), since balance date. Pat Snedden considered that there had been a real recovery of the relationship and confidence with and by the Crown that had not been there a year ago.

The \$125m improvement in cash position was noted and that, while there had been a technical breach of banking covenants this had been rectified by the receipt of equity support. Bankers had been advised. Vicky Salmon advised that the Audit Committee had reviewed Treasury, which was unsatisfactory as well as the Standard and Poors incident.

### **8. BUILDING AND CHANGE COMMITTEE**

#### **8.1 Report**

The Building and Change Committee recommended the names in the Auckland City Hospital Main Building to the Board. Signage was general terminology and Maori names would be used on a pragmatic basis where it was appropriate and added value to Maori.

Moved Ian Scott, seconded Vicky Salmon

*That the ADHB adopts the recommended names for services in the Auckland City Hospital Main Building.*

Carried

Wayne Brown noted that the issue of branding had been discussed at the last meeting. The branding advantages for fund raising were outweighed by the disadvantages of non-integrated clinical behaviour. Pat Snedden agreed with this. Wayne Brown advised that the Chief Medical Officer had been working with groups on the names of services.

Margaret Horsburgh rejoined the meeting at 4:26pm.

Nigel Murray advised that HSDP were working on standardisation of names across the organisation.

## **8.2 Leadership in Action Video**

It was agreed that the Board make a site visit to Grafton on Thursday 8 August at 1pm during which the Leadership in Action video would be viewed.

## **9. QUALITY COMMITTEE**

Crystal Beavis, who had chaired the Committee meeting, reported that the body parts and tissue policy review was expected by the end of August. The Committee had reviewed the risk schedule, the report on the mental health accreditation interim visit and the minutes of the Clinical Quality Council.

## **10. AUDIT COMMITTEE**

Matters from the Audit Committee had been reported and actioned earlier in the meeting.

## **11. GENERAL BUSINESS**

Wayne Brown requested that the Board meet after the meeting to be advised on the CE's review.

## **12. NEXT MEETING**

The next monthly meeting is scheduled for Thursday 29 August 2002.

The meeting closed at 4:52pm.

**CONFIRMED**

**CHAIR**

**DATE**