

AUCKLAND DISTRICT HEALTH BOARD

Minutes of the meeting of the Board held on Thursday 3 April 2003
in the Marie Hosking Room, Level 7, Building 14, Greenlane Clinical Centre, Auckland
commencing at 1:15pm.

The Deputy Chair declared the meeting open at 1:30pm in the absence of the Chair.

1. ATTENDANCE AND APOLOGIES

Board Members

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

Management in Attendance

Graeme Edmond – Chief Executive
Marek Stepniak – Chief Operating Officer
Ian Ward - Chief Financial Officer/GM Shared Services
Nigel Murray – GM Building Programme
Brenda Saunders - GM Communications and Community Consultation
Ian Bell - Board Administrator

Apologies

An apology had been received from Pat Snedden.

2. CONFIRMATION OF MINUTES 6 MARCH 2003

Moved Crystal Beavis, seconded John Retimana.

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

Carried

3. ACTION POINTS 6 MARCH 2003

Graeme Edmond advised that he had not received a reply from the Director General of Health, Karen Poutasi, to attend a Board meeting and he would follow this up with a phone request for her to attend the next meeting.

Ian Ward advised that work was still being undertaken on the details of the impact of increased costs of the building and reallocations to services following migration. Increased costs were in the facility of \$30m per annum and would be part of the presentation on the DAP to the Board.

6. FINANCIAL REPORT – FEBRUARY 2003

Wayne Brown joined the meeting at 1.35pm and assumed the Chair.

Ian Ward advised that the profit on Biomed Investment Limited of \$600k had been brought to account being triggered by the fact that there was no conditions on the receipt of funds. It was expected that, when final calculations were complete, there could be a further \$80k profit.

Di Nash left the meeting at 1.40pm.

Michael Boersen explained that within employee costs nursing was \$1m unfavourable across the organisation. He had reviewed the month end processes, accruals and back pays and was comfortable with the processes. The variance was timing of annual leave were the budget had been developed on the assumption that leave would be taken in February where as it had been taken, under the initiative to get leave liabilities down, in December/January. The Board asked that timing differences be more clearly identified within the report.

The budgeted FTEs of 7,160 included vacancies although within budgets the dollar amounts of vacancies had been removed. In the next year's budget the budgeted FTEs would be the position at February 2003 with estimated redundancies eliminated. In the table on nursing numbers and costs it was noted that the number of people had increased as well as costs increasing. Michael Boersen advised that a number of figures in the tables had been transposed. The Board requested that any changes in assumptions be advised to the Board and the budgets restated. The Board was looking for an explanation of variances particularly in whether it was the development of a trend.

ACC were seeking surgery on the same day as admission. It was not always possible to give that assurance given that 95% of demand was acute.

The base operating costs for 2003/2004 had been reduced by the \$10m savings committed to in 2002/2003.

The Board was advised that the impact of long stay patients in Children's Health was approximately \$1m.

4. CHAIRMAN'S REPORT

The Chairman advised that it had been a busy month noting:

- Minister's visit to Auckland
- Meeting with the Minister in Wellington and attending the Chairs meeting where it was noted concern over possible increases in salaries and the need to work together
- The DAP for 2002/2003 had been signed but there were conditions contained in the letter of approval
- Progress was being made on funding for the coming year's DAP
- Continued pressure was being exerted on Management on the forward forecast
- He was a member of the Capital Planning Group for DHBs
- The valuation of land and buildings was underway
- He had given approval to part fund legal advice on the bond issue and shifting of debt to RHMU
- The Children's Health Liaison Group Inc would be meeting the Building and Change Committee
- The IT projects had been approved
- The refurbishment of Children's Health Services had reached the delegated authority of the Chief Executive and he had sought clarification of the \$1m limit on capital expenditure from the MoH who had advised that this was a HSDP project and would not require the Minister's approval
- The review being conducted Mr Graham Aitken was continuing, and a number of issues had emerged being management/clinical percentage was higher than most as was the percentage of medical FTEs
- There were more potential savings by integrating across Auckland
- The Health Select Committee would be meeting on Monday 7 April 2003. He urged all members to read the information being supplied to the Select Committee.

5. CHIEF EXECUTIVE

5.1 Report

Graeme Edmond spoke to his report. He noted the risks around CReAME and SSS. Nigel Murray advised existing medical records were quite large and lacked standardisation. To catch up on the loading of scanned documents it proposed to increase the rate of scanning. This included a review with clinical teams as to what records they needed to keep rather than keeping all records in perpetuity. This review was producing positive results and a aggressive stance on standardisation was being taken.

The environment in Children's Services was stressed with a number of pilots being undertaken where training had not been sufficient. Remedial training was being undertaken but there were some difficulties for some Clinicians moving into the electronic environment, with some others reluctant to attend training.

SSS involved the Building Programme, the Change Programme and operations and there was risk around the complexity of bring all parts together. This included getting an assessment of equipment that ADHB already has.

Graeme Edmond noted that the three Auckland DHBs had agreed to develop a single ISSP for the Auckland region and a letter had been sent to Wellington detailing what the DHBs had been collaborating on. The Clinical Workstation project may now impact on the change freeze period not being expected to end until the end of July 2003.

The Board requested that for CME travel approvals that the position and the purpose of the travel be noted in the report.

The new Occupational Health and Safety legislation had risks and obligations for ADHB. Year to date incidences of 985 was noted as was the 52 lost time injuries. The Board asked for information on trends in accidents/incidents.

DHBs had been asked to comment on the proposed policy proposed by IPAC on copayments. The matter had been discussed at the C&PHAC meeting in the morning and been referred to the Board for a decision. The aim of the policy was to ensure access to those not presently accessing primary care. There was a considerable range of strongly held views on the proposal of applying a cap but there was broad support for the IPAC proposal with the exception of item 5 arbitration clause. A letter is to be sent to the MoH advising of the ADHB's position and this is to be included in the next month's Board papers.

The Chair noted that the communications strategy included reference to values, which needed to be discussed by the Board. Values should include flexibility and simplification.

The revised scope for HSDP had been approved by the Board and officials who had no outstanding questions in supporting the proposal to Ministers. It was expected that official confirmation from the Crown would be completed within the next month. The significant financial and time risks related to the Support Building were noted as were the risks related to the amount of work being undertaken in this year by all teams.

5.2 Appointments to C&PHAC

Moved Ian Scott, Seconded Susan Devoy

That the ADHB appoints Dr Hsin-Yi (Sam) Su and Louise Cosgriff as members of the Community and Public Health Advisory Committee.

Carried

It was noted that the Committee did not have a Pacific Island representative.

5.3 Biomed Investments Limited

Moved Vicki Salmon, seconded Ian Scott

That the ADHB, as a shareholder in Biomed Investments Limited, agrees to the appointment of David Lawrence Schnauer as liquidator of the company and authorises the Chairman and Chair of the Audit Committee to sign the Shareholders Resolution on its behalf.

Carried

5.4 5 Belgium St, Waiheke

Moved Ian Scott, seconded Vicki Salmon

That the ADHB:

- *notes the decision made at the 13 September 2001 meeting to retain this property was made on incorrect advice from the MoH*
- *confirms that the property is surplus to requirements and must be transferred to the Office of Treaty Settlements (OTS) for landbanking*
- *approves the signing of a 3 year lease with the Waiheke Health Trust prior to transfer of title to the OTS*

Carried

5.5 Northern DHB Support Agency Limited

The minutes and workplan of NDSA were noted.

7. BUILDING AND CHANGE COMMITTEE

7.1 Report

Issues had been discussed earlier.

7.2 Short Stay Unit/Admission and Planning Unit

The recommendation from Management was to name the unit 'Admission and Planning Unit' and this was supported by Clinicians. On a show of hands the 'Admission and Planning Unit' was supported.

8. QUALITY COMMITTEE

Minutes of the meetings were to be distributed to all Board members. Issues on Mental Health risks were discussed and clarity for responsibility and accountability between the MoH and ADHB was sought from the MoH.

9. AUDIT COMMITTEE

9.1 Report

Vicki Salmon advised that the Committee had received the revised Treasury Policy which will be discussed at the next meeting.

9.1 Confirmation of Audit Committee Resolutions – 11 December 2002

These resolutions confirm the resolutions of the Audit Committee of 11 December 2002 on the two business cases.

Patient Clinical Information Systems:

Moved Ian Scott, seconded Wayne Brown

That the ADHB approves the expenditure of \$4,365,381 from the capital budget to implement the Patient Clinical Information Systems subject to resolution of ADHB's financial state on condition that management can agree with the conditions in the Minister's letter of approval.

Resolution of ADHB's financial state shall involve ADHB's management working with MoH to ensure ADHB meets the going concern requirements so there is approval and agreement on the 2002/03 financial plan including ADHB's capital plan, as recommended by the CFO and CEO, with review and agreement by Wayne Brown and Vicki Salmon.

Carried

Cardiology/Radiology Equipment:

Moved Ian Scott, seconded Wayne Brown

- a) *That the ADHB approves the expenditure of \$2,377,500 from the HSDP capital budget for the purchase of radiology and angiography equipment.*
- b) *That the ADHB approves purchase of a Cardiac Bi-Plane Catheristion lab equipment subject to the project being fully funded by a donation from the Starship Foundation.*
- c) *That the ADHB approves the expenditure of \$6,542,500 from the ADHB baseline capital budget for the purchase of radiology and angiography equipment subject to resolution of ADHB's financial state.*
- d) *That the ADHB approves the annual maintenance contracts listed in table 1 for a five year period with a right of renewal of five years at the discretion of ADHB, subject to resolution of ADHB's financial state.*

For the purpose of c) and d) above, resolution of ADHB's financial state shall involve ADHB's management working with MoH to ensure ADHB meets the going concern requirements so there is approval and agreement on the 2002/03 financial plan including ADHB's capital plan, as recommended by the CFO and CEO, with review and agreement by Wayne Brown and Vicki Salmon.

Carried

9.3 Consumables CAPD and ADP Dialysis

Moved Wayne Brown, seconded Vicki Salmon

That the ADHB endorses the selection of the supplier of consumables for Continuous Ambulatory Peritoneal Dialysis (CAPD) and Automated Peritoneal Dialysis (APD) to ADHB using Baxter Healthcare Limited for a three year period with a two year right of renewal commencing 1 April 2003.

Carried

9.4 ISDA Agreement Westpac Banking Corporation

Moved Vicki Salmon, seconded Ian Scott

That the ADHB agrees to enter into an ISDA Master Agreement with Westpac Banking Corporation and authorises two Board members to sign the agreement subject to legal advice.

Carried

10. GENERAL BUSINESS

The Board Administrator was investigating training for Board members on governance.

The Report on Remuneration Creep – Explanation was received and falling productivity in the Health sector noted.

11. NEXT MEETING

The next meeting will be held on Thursday 8 May 2003.

The meeting closed at 3.25pm.

CONFIRMED

CHAIR

DATE