

AUCKLAND DISTRICT HEALTH BOARD

**Minutes of the meeting of the Board held on Thursday 6 March 2003
in the Marie Hosking Room, Level 7, Building 14, Greenlane Clinical Centre, Auckland
commencing at 1:15pm.**

The Chair declared the meeting open at 2:16pm.

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
Pat Snedden

Management in Attendance

Graeme Edmond – Chief Executive
Ian Ward - Chief Financial Officer/GM Shared Services
Nigel Murray – GM Building Programme
Rachael Parkin – Communications Assistant
Ian Bell - Board Administrator

Committees

Margaret Horsburgh is to join the Audit Committee.

2. CONFIRMATION OF MINUTES 5 FEBRUARY 2003

Moved Susan Devoy, seconded Margaret Horsburgh.

That the minutes of the meeting of the Auckland District Health Board held on 5 February 2003 be confirmed as a true and correct record.

Carried

3. ACTION POINTS 5 FEBRUARY 2003

A letter to the Ministry of Education from Vicki Salmon was being sent.

The interpretation of liability for the bond issue had been raised with Treasury officials and this is to be followed up with a letter from the Board Administrator.

4. CHANGE PROGRAMME PRESENTATION

This had been made to the HAC.

5. CHAIRMAN'S REPORT

The Chairman reported on:

- Possible new Board memberships, Rod Cooper as a Maori representative, also support for an Asian representative.
- Funding for HSDP.
- Reporting to the Minister.
- Discussions over DAP funding.
- Meeting with clinical leaders.
- Concern over the communication strategy paper which referred to the values such as research and development that had been agreed by the previous Board. A discussion is to be held at the next Board meeting on values such as flexibility, customer focus, etc.
- Capital group meeting with the idea that fixed assets are held by the centre with only equipment and operations held at DHB level.
- Valuation report.
- Meeting with the Chair of the Auckland City Council Transport Committee.

Wayne Brown advised that the Auckland City Council were going to close Grafton Bridge for car traffic with it being reserved for buses and emergency vehicles. Vehicles are to be routed through Khyber Pass with buses on the loop through Grafton past the hospital. The Council would provide platforms at the front entrance of the hospital and in exchange for a 900mm strip would widen the road to provide the bus lane and stop, street furniture, retaining walls and planting in front of the Auckland City Hospital. The Council was also looking at including the Greenlane Clinical Centre in the bus loop with buses to run every two minutes during the day.

Moved Ian Scott, seconded Pat Snedden

That the ADHB supports the proposed traffic changes proposed by the Auckland City Council including the trade of a strip of land in exchange for development of the paths, bus lanes, shelters and planting.

Carried

6. CHIEF EXECUTIVE

6.1 Report

Graeme Edmond spoke to his report noting the good result. Early financial projections for the DAP for 2003/2004 and outer years were being developed, the latter year being the first under population based funding. The CE was requested to write to the Director General of Health, Karen Poutasi, inviting her to attend the Board to explain how ADHB was seen as overfunded and explain on what population base funding was being calculated. He noted that this was the first cut of the process and over the next four weeks all the services would be addressed.

The Board requested better linkage of treasury reporting to other reporting.

Nigel Murray advised that as the buildings were getting close to the end of the contract on Auckland City Hospital, budgets were becoming tighter. The closing out of the contract with Fletchers would be discussed at the Building and Change Committee including closure of the contract, contingencies and capitalisation of work.

Graeme Edmond advised that he had been impressed with the Pacific PHO and suggested that it may be appropriate when the Minister visited on 14 March 2003 to include a visit to the building site, the new Mental Health Unit and the Pacific PHO which included the initiatives of cellulite and parish nursing. The date of the visit was to be confirmed.

He advised that the MRT arbitration decision was pending and once this was obtained most agreements had been settled for two years with the exception of senior doctors. This covered the migration period.

The three Auckland CEOs had prepared a paper for the Chairs on what the three DHBs can do such as transactional collaboration, service planning through NDSA and strategic HR alignment. This also included further clinical support integration and an option for merger.

The Sterile Supply Service software was essential for integration and critical that the project be completed for opening day. A supplier decision had been made.

The increased costs of ACC injuries was noted.

Nigel Murray advised that the increased estimated cost for the conference centre, level 5 of \$3m was arrived at from a wish-list taken from users and was now being taken through user consultation to get costs down. He advised that the seed funding had just about been exhausted and planning would stop until fundraising had been completed.

6.2 Spectrum Care Trust

Moved Vicki Salmon, Seconded Wayne Brown

That the ADHB confirms this agreement to the appointment of Richard Hanna as a trustee of the Spectrum Care Trust.

Carried

It was noted that the Chair of the Trust had completed his nine years as a trustee. The Board requested the Board Administrator to write to him recognising the work that he had done for the Trust.

6.3 DHBNZ - Update

The update was noted.

6.4 Northern DHB Support Agency Limited

The work plan and notes of the meeting of the NDSA Board were noted.

7. FINANCIAL REPORT – JANUARY 2003

The Board requested a reconciliation of the year to date result of \$9.6m favourable with the projected forecast full year result of only \$3.2m favourable. The Board did not support a year end forecast at this level and this is to be discussed at the Building and Change Committee.

Ian Ward spoke to the report noting the adjustments made to revenue and the leave management. He advised that he had spent time around Treasury related issues with meetings with MOH and Treasury to address funding needs on an on-going basis. The position previously taken by the Crown, that all funding was for the building programme, had changed to a recognition that the funding was for all the organisation and that the proposed second bond issue amount of \$85m was still required to restore the funding of deficits that had previously not been funded. This was being worked through with officials.

It had been agreed that the balance of deficit support for the year amounting to \$22.7m would be paid early to avoid breaches of the banking covenant. Work was being done on the balance sheet for the whole organisation in the long term. Work was also being undertaken with bankers on what they considered were appropriate covenants. The renegotiation of banking covenants with New York would need to be in conjunction with the owner.

With the DAP the profit and loss was being determined and there was a need to fit in the capital plan to provide cash flow modelling to integrate through to a balance sheet looking forward to possible debt repayments.

The Board requested a report to the next meeting on the effect of the completion of the building to the allocation of depreciation, interest, etc to services (a) in total and (b) to each service and (c) administration costs in light of the change programme. The principles are to be explained and how the changes will impact on services.

The capital charge of 11% would continue. Officials were writing to the Chair concerning the take out of facilities centralising debt, etc. Banks had indicated the need for cash flow ratios with not so much concern for a balance sheet ratio.

8. BUILDING AND CHANGE COMMITTEE

Issues had been discussed earlier.

8.2 Electricity Line Charges

It was noted that this had savings of some \$320k.

Moved Ian Scott, Seconded Wayne Brown

That the ADHB approves the proposed seven year Electricity Line Charges Agreement for the Auckland City Hospital site being offered by Vector Limited: and

That the Chief Executive be delegated authority to negotiate and sign both the non-disclosure agreement required in respect of the transaction by Vector and the Vector contract, once both had been reviewed by ADHB legal services.

Carried

8.3 Co-generation Project

It was noted that this avoided capital expenditure of some \$6m.

Moved Ian Scott, Seconded Vicki Salmon

- 1. That the ADHB enters into a 20 year BOOT financial arrangement with Meridian Solutions (MS) whereby MS build, own and at the end of the term transfers to ADHB a co-generation plant to be established at the Auckland City Hospital site: or*
- 2. If the MS Board does not confirm its offer, ADHB proceed with the alternative option of leasing diesel generators: and*
- 3. The Chief Executive be delegated authority to sign the MS BOOT contract for a diesel generator lease contract, once they have been reviewed by ADHB legal services.*

Carried

9. QUALITY COMMITTEE

Di Nash raised the issue of lack of IT to provide quality reporting. Graeme Edmond advised that within existing resources some clerical indicator reports were now being produced and any business case to support reallocation of IT money would be considered through the normal processes. Ian Scott advised that within the PIMs system there was an ability to develop databases for quality reporting.

10. AUDIT COMMITTEE

Issues had been discussed earlier.

11. GENERAL BUSINESS

There were no items of general business.

12. NEXT MEETING

The next meeting will be held on Thursday 3 April 2003.

The meeting closed at 3.25pm.

CONFIRMED

CHAIR

DATE