

AUCKLAND DISTRICT HEALTH BOARD

Minutes of the Auckland District Health Board meeting
held on Thursday 6 May 2004
in the Marion Davis Library, Building 43
Auckland City Hospital
commencing at 1:30 pm

1. ATTENDANCE AND APOLOGIES

Board Members

Wayne Brown (Chair)
Margaret Horsburgh
Harry Burkhardt
Di Nash
John Retimana
Vicki Salmon
Ian Scott
Pat Snedden

Management in Attendance

Garry Smith – Chief Executive Officer
Nigel Murray – GM Auckland City Hospital
David Sage – Chief Medical Officer (part)
Michael Boersen - Chief Financial Officer
Megan Richards –Communications Manager
Ian Bell - Board Administrator

Apologies

The Chairman declared the meeting open at 1.15pm.
An apology had been received from Crystal Beavis and Ian Scott had apologised for lateness.

2. CONFIRMATION OF MINUTES 8 APRIL 2004

Moved Margaret Horsburgh, seconded John Retimana

That the minutes of the meeting of the Auckland District Health Board held on 8 April 2004 be confirmed as a true and correct record.

Carried

3. ACTION POINTS 8 APRIL 2004

Garry Smith tabled priority goals for discussion by the Board as part of the new way of working to improve health outcomes for Aucklanders. The Chairman stated that productivity needed to dramatically improve and the population based funding formulae was flawed with a need for the NHI number to be advised for all work undertaken so that ADHB's population is not penalised and greater Auckland's population moves between the three DHBs on a daily basis. The following amendments were suggested:

Get control of our finances

- Breakeven by 2006/2007

Performance improvement

- dramatically improve productivity in the Provider

Improve Healthcare as a heading above the last six bullet points

- Supporting the development of regional services where appropriate

MoH had been advised that the pricing for the Linear Accelerator was unacceptable with an effect of \$1.5m on ADHB from inter district flows. While verbally MoH had agreed to the price increase they had responded with the offer to fund the 8,000 treatments on the new machine only at a differential price, not all treatments at the higher price. The Board confirmed that this was not acceptable and needed to be resolved before purchase of the Linear Accelerator proceeded.

The information from the Department of Conservation was yet to be obtained.

The high level draft of the asset management plan is to be forwarded to the Chairman.

Board members reported on their areas of responsibility. Medical Services were looking at savings in HDU but it was complex. They had also been very busy with sixteen cancellations of surgery due to lack of facilities and staff. Orthopaedics were \$700k unfavourable and Change Programme savings were not being achieved. The closing of the theatre at National Women's had not produced the savings expected as the analysis had been incorrect. Declining birth numbers were creating problems for midwifery staffing. The question of pressure for early discharge to BirthCare was raised however the Board was informed that many of these were by choice reflecting changing demographics and that public funding for birth was for two days.

Mental Health was fairly satisfactory although regional meetings were difficult to arrange to review the reports the regional director sends to Wellington and the governance role was not clear. There was a certain level of disquiet from consumers at the intention to move community services to the Greenlane site. The principle was that rented premises services would move to Greenlane unless justified to remain in the community for more appropriate service delivery and access.

4. CHAIRMAN - REPORT

Wayne Brown advised that he had undertaken the following:

- Written to the Minister concerning the population based funding formulae.
- Met with Gordon Davis on the Linear Accelerator where he thought the problem had been resolved.
- Discussed the IDF wash ups at a meeting attended by the Director General of Health.
- Released the balanced scorecard under an Official Information Act request.
- Air ambulance funding coming to an end with no ongoing funding resolution.

While ADHB had the expertise to run the air ambulance service the MoH had suggested that ADHB stop funding the service. It was noted that Auckland's population do not use the service it being for other DHBs. While the Ministry advised not to pay for the service there is a written directive from the Minister requiring ADHB to provide the service however the MoH and other DHBs would not reimburse. The MoH should require other DHBs to reimburse ADHB. A current commercial RFP to select a provider is being run

but negotiations can not commence without funding secured. The Chief Medical Officer advised that there was strong clinical response to provide the service. The ADHB could not continue to fund the service at the expense of their population amounting to \$1m per year. A letter is to be sent to Gordon Davis signed by the Chairman copied to other DHBs advising of the situation and the intention to cease the service within one month but suggesting a solution that the MoH deduct funds from the other DHBs to reimburse ADHB.

- Pricing/tertiary adjuster was not resolved which a move to Weis 11 would alleviate. Waikato's suggestion of disbursing the tertiary adjuster to the twenty one DHBs was totally unacceptable.
- Population based funding formulae does not work in the Auckland region due to movement of people between the three DHBs.
- Re-valuation of the properties should be deferred for one year if the building is not finished, it produces an "Enron" balance sheet and the Board were not keen to use this to solve the debt covenant restriction.
- Orthopaedic money was being discussed through the Colleges not MoH direct to DHBs.
- The argument to implement Weis 11 from 1 July 2004 had not been successful.
- Provided an article to the Sunday Star Times which had been well received by clinicians. The national prioritisation principles and methodology was seen by the Clinical Board as not addressing the question of high cost treatments and changes in the population based funding regime.

It was noted that direct treatment cost increases were coming from quality improvements but this had to be funded from elsewhere. It was suggested that a 2 – 3 day symposium be held in the Clinical Education Centre in the week of the opening of the hospital on prioritisation and/or on research.

- Disappointed with the media coverage on the bookshop offering lotto and the move to restrict referred x-rays. The letter to GPs had not gone through the appropriate management approvals.
- The Regional Chair's forum was making slow progress.
- Concern at the focus of the annual audit as issued in guidelines from the Office of the Auditor General.

5. CHIEF EXECUTIVE OFFICER - REPORT

The Board appreciated the change of the reports to the new format. Garry Smith spoke to his report advising that the key issues were:

- Control of finances to achieve the result for 2003/2004.
- Focus on improvements of operations to achieve the 2004/2005 budget.
- Financials in the DAP were being supported by information over 3 to 4 years which showed where cost changes had occurred.
- Key issues in the DAP would be population based funding, IDF rules and pricing issues.
- The DAP would show service levels: ADHB local, regional and national and the effect of the IDF business rules/price.

Chapter 2 would be distributed to Board members.

- Reporting accountability focus linked to the Statement of Intent and DAP objectives was being applied to employee objectives organisational wide.
- Three major employee relations and employment agreements with SMOs, Nurses and RMOs. The difficult restructuring of orderlies was being undertaken.
- Management of Change were concentrating on SSS, outpatient administration services, clinical records and Orthopaedics.
- Due diligence on healthAlliance would be undertaken.
- Funding for PHOs should be cost neutral and DSS devolution of health of older people had been discussed at the CPHAC meeting.
- Contract administration had been tightened and a register established which had been reviewed by the Audit Committee.
- The key performance indicators of the organisational wide objectives were in line with targets.

The Board was concerned that the decision making structure of DHBNZ, agreed by the national CEO group was not acceptable. The Board of DHBNZ was a secretariat to the 21 DHBs to provide a voice to Government however consensus decision making did not necessarily work, the example being Wies 11 where delayed implementation was at a cost to ADHB's population. The ADHB acknowledged the principles but reserved the right to only join consensus when it suited.

6. FINANCIAL REPORT MARCH 2004

6.1 March 2004 Report

The report had been discussed at the Audit Committee noting that the major area of concern was Surgical, most of the Provider arm being over in nursing and direct treatment costs and Support Services supporting the Provider by \$20m. The carpark sale would be brought to account in June.

6.2 Northern Clinical Training Network (NCTN)

6.3 Northern District Support Agency (NDSA)

These were organisations in which ADHB had an interest and so would be included in the Board papers together with a report from the Treaty Relationship Company Limited.

7. DISABILITY SUPPORT ADVISORY COMMITTEE

The Chair of the Committee advised that she and another member would be attending a Ripple Trust forum on how disable people could be more involved with health providers. The DSAC was focusing on the NZ Disability Health Strategy from a point of view of consumers of services.

The Committee recommended to the Board a small amendment to their Terms of Reference.

Moved Margaret Horsburgh, seconded Wayne Brown

That the Terms of Reference of the Disability Support Advisory Committee be amended by the addition to 5(b) of “as well as people with experience of with living with disability”.

Carried

8. QUALITY COMMITTEE

The Quality Committee had been addressed by the new General Manager Quality and Service Improvement on how she intended to improve services and issues of focus. Gillian Bohm from the MoH had attended the meeting. The Committee also considered clinical indicators noting the blockages of people moving out of ED.

9. AUDIT COMMITTEE

9.1 Report

The Chair of the Audit Committee advised that they had reviewed the financial reports and the Internal Audit reports covering Clinical Costing, SSS, Change Programme, MedSafe and HealthPac audits.

There was some discussion on membership of the Audit Committee however the Chairman did not want to expand the Committee noting that some of the Internal Audit reports could go to the Quality Committee i.e. HealthPac audits. The content of the audit agenda was to be reviewed with more emphasis on financials at the Board and some reports going to the Quality Committee.

9.2 Cleaning Services – Right of Renewal

Moved Ian Scott, seconded Vicki Salmon

That the ADHB exercises the two year right of renewal for cleaning services with OCS Limited (formerly QSE Limited) in contracts C810 and C893014 and consequent contract variations. The right of renewal is from 1 November 2004 expiring on 30 October 2006 for a total value over a two year period extended term of \$11,211,088. This right of renewal is conditional on ADHB being satisfied of the outcome of the full operational review process agreed to under the rights of renewal and subject to a specification review in relation to affordability prior to 30 June 2004.

Carried

9.3 Parking License

Moved Wayne Brown, seconded Ian Scott

1. *That the Parking Licence & Management Agreement offered by ABN AMRO Ltd be approved for execution by the Board. This Agreement involves a Licence Fee of \$15 million and on Ongoing Lease Payment of \$1.326 million per annum.*
2. *That this approval is subject to confirmation from ADHB's auditors that the License Fee of \$15 million can be included as a one-off revenue item in the 2003/2004 P&L account.*

Carried

9.4 Funder Contracts

Moved John Retimana, seconded Ian Scott

That the following contract be signed on behalf of Auckland District Health Board:

- *Baptist Action trading as Te Korowai Aroha*
- *Mental Health Residential, Community Support Work and Social and Recreational Services*
- *Estimated annual value of the contract is \$4,233,191 (Full contract value - \$12,699,573)*
- *Term of the contact is 3 years.*
- *No right of renewal.*

That the following contract be signed on behalf of Auckland District Health Board:

- *Salvation Army New Zealand Trust Board*
- *Alcohol and Drug Services for Adults.*
- *Estimated annual value of the contract is \$5,662,268*
- *Term of the contact is 1 years.*
- *No right of renewal.*

Carried

Domett Avenue Trust Fund

Moved Pat Snedden, seconded John Retimana

That the ADHB seeks approval from the Minister of Health for the ADHB to manage and allocate the Domett Avenue Trust Fund in collaboration with Ngati Whatua o Orakei Trust Board ("Ngati Whatua") taking into account that:

- *the Domett Avenue Trust Fund was established after the Auckland Area Health Board sold a hostel at 4 Domett Avenue, Epsom, which was subject to a successful Treaty of Waitangi claim;*
- *expectations have been raised with Ngati Whatua by ADHB's predecessor, Auckland Healthcare Services Ltd that the Domett Avenue Trust Fund would be managed jointly by both organisations for the benefit of Maori health and the people of Ngati Whatua;*

- *proceeds from the fund have already been used for two projects that were negotiated and agreed to by ADHB's predecessor and Ngati Whatua;*
- *a fair and equitable process for consideration of new proposals be agreed to between ADHB and Ngati Whatua and endorsed by the Minister taking into account previous funding allocations and other negotiated arrangements.*

Moved

10. GENERAL BUSINESS

There were no items of General Business.

11. NEXT MEETING

The meeting closed at 3.22pm.

The next meeting will be held on:
Thursday 3 June 2004
Marion Davis Library
Auckland City Hospital
Grafton

CONFIRMED

CHAIR

DATE