

## AUCKLAND DISTRICT HEALTH BOARD

Minutes of the Auckland District Health Board meeting  
held on Thursday 8 July 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  
Crystal Beavis  
Harry Burkhardt  
Di Nash  
John Retimana  
Vicki Salmon  
Ian Scott  
Pat Snedden

#### Management in Attendance

Garry Smith – Chief Executive Officer  
Michael Boersen - Chief Financial Officer  
Denis Jury – Chief Planning and Funding Officer  
Nigel Murray – GM Auckland City Hospital  
Megan Richards – Communications Manager  
Ian Bell - Board Administrator

The Chairman declared the meeting open at 1.58pm.

### 2. CONFIRMATION OF MINUTES 3 JUNE 2004

Moved Margaret Horsburgh, seconded Vicki Salmon

*That the minutes of the meeting of the Auckland District Health Board held on 3 June 2004 be confirmed as a true and correct record.*

Carried

The discussion on primary care and the Community Redesign/Integration project would be held at the August CPHAC meeting.

### 3. ACTION POINTS 3 JUNE 2004

PHOs monitoring would report to the Clinical Population Board then through the Quality Committee of the Board.

Draft KPIs would be distributed to Board members with the aim of finalising these at the August meeting.

## **4. CHAIRMAN**

### **4.1 Report**

Wayne Brown advised that his activities in the last month had been:

- Attended DHBNZ in Wellington where the Health and Disability Commissioner had advised that PI insurance was ineffective and unnecessary. The Health and Disability Commissioner was a central point to gather information on practitioners who were outliers accumulating information from DHBs, ACC, etc. This arose out of the Parry case. He also advised that medication errors should be disclosed to families and that most of his complaints received were a result of poor communication
- The top problems being experienced by the sector are falling productivity with costs up and cases weights static, lack of national locums (which affected smaller DHBs), the capital charge regime, questions of whether the primary health changes were working, IDFs, Pharmac and floridation
- There had been a 12% growth in the total wage bill for hospitals over the last five years compared with CPI and ADHB's future funding track of 2% per annum.
- Penalty rates should not be paid on penal rates due to the Holiday Act
- A need for better communication amongst the DHBs on pay claims particularly the nurses claim, the RDA's 8 hours pay for shifts and support for the RMA working conditions enquiry.
- Attended Draft Annual Planning Meetings
- Met with David Caygill who was undertaking an Auckland regional review however the terms of reference were unsure. The question of population-based funding had been raised.

### **4.2 Prince Wellington Ngu Hospital**

Nigel Murray advised that a tapa cloth had been presented to the Auckland City Hospital and would be hung in an appropriate space.

### **4.3 Cancer Treatment**

This was an example of letters of appreciation which were received frequently complimenting the services that had been provided.

## **5. CHIEF EXECUTIVE OFFICER'S REPORT**

Garry Smith spoke to his report advising that in relation to finances there was a focus on the year-end position for which the performance of the Provider arm in June was crucial. Remedial work had been undertaken to remove asbestos in areas where services were being migrated to but there was a question of funding with this being sought from the owner. It was suggested that precedents on asbestos removal funding be sought from DHBNZ. The final quantification of the asbestos problem was expected by the week end and a formal application for funding would be made to the MoH.

Work was continuing on the 2004/2005 District Annual Plan noting that there were quality and service creeps within the Auckland region. Areas being investigated are those that were substantially different from that planned for 2003/2004. This included root cause

analysis and management performance planning. Cashflow issues were being addressed with capital expenditure being potentially delayed.

Major employee relations included SMOs, RMOs, and junior medical staff. The orthopaedic re-configuration had happened on 14 June 2004 which had been successful and had immediately changed the culture in ACH. Nigel Murray had been aggressively addressing the operational issues in ACH which had started to show performance improvements i.e. throughput. The Management and Administration Review had met its target of 6 July 2004 with consultation beginning on 20 July 2004.

Objectives for 2004/2005 were being finalised with the Board for adoption in August.

The Greenlane site re-configuration was being reviewed with an aim to cluster like services together and bring as many externally rented services on site as practical. The Clinical Review of SSS and OAS Terms of Reference were being addressed by the Clinical Board at its next meeting with Professor John Buchanan to focus on the three areas of SSS, OAS and Clinical Workstation/CRIS

ADHB had had six finalists in the Health Innovation Awards and had won the Supreme Award. Presentations had been made to finalists by the Board.

The licence for the meningococcal B vaccine had been approved and this major project was being initially provided by Counties Manukau supported by ADHB staff. The 2004/2005 IDFs had been set for the region with rules agreed however there was considerable concern at significant changes in volumes. The Community Pharmacies Contract had been sent to pharmacies for signing although there was still a significant number that had not signed.

There had been good discussion at the Maori Health Advisory Committee (MHAC) on the Maori Health Plan 2005/2007 and a project had been established to assess expenditure on Maori health and targets for that expenditure. The reduction of co-payments for over-65s had come into effect through PHOs on 1 July 2004. It was noted that the performance indicators relating to diabetes management were not being achieved with some problems on the "get checked" at GP level.

In developing the KPIs the financial goal would be mandatory as would be a particular goal for each service to lift the health of Aucklanders. KPIs would be a tool that provides the backbone for the organisation which connected through reporting at different levels to the Board report using the four levels of management.

The Board requested that the Starship Trust advise what projects they are raising money for. It was noted that the revision of the Starship Foundation Trust Deed had been approved by the Inland Revenue but the ADHB had not been informed or consulted or advised of who the new Board members were. The Board had nominated Di Nash as Trustee for the A+ Trust however there was a full quota of Trustees and she would act as an alternative to Vicki Salmon.

Wayne Brown left the meeting at 3.00pm.

## **6. FINANCIAL REPORT – MAY 2004**

Finances had been discussed fully at the Audit Committee but while the result for the month was \$949k unfavourable the Provider was unfavourable by \$7.4m being supported

by Support Services favourable variance of \$6m and the Funder. A stock take of SSS had been undertaken with stock being undervalued by \$700k and the employee cost assumptions in the Change Programme were proving to be wrong. Oncology was still transferring patients to Australia although the new linear accelerator should be operational by December if the pricing issue is resolved. The present offer is a price adjustment for the new accelerator only for half a year and not all the accelerators. A+ Trust was assisting some patients with expenses to go to Australia.

The forecast base deficit was close to budget although the profit on the sale of the carpark was less than budgeted although the cash had been received. There was also an adjustment for the impact of the Holidays Act. The cost of asbestos clearance had not been included. It was expected that the \$10m of revenue would be released to the Provider in June.

Michael Boersen advised that there was more work to be done in the Provider arm to pull back costs where there was under delivery. The Provider arm has been unfavourable to budget for every month of the year and since migration treatment costs had accelerated.

## **7. DISABILITY SUPPORT ADVISORY COMMITTEE**

The regional meeting had been held on 16 June 2004 with discussion on how services would be delivered in the home based sector. The next meeting of the ADHB DSAC is in August.

## **8. QUALITY COMMITTEE**

The Quality Committee had met on 17 June 2004 which included looking at the quality of service review charter. PHO indicators would be provided to the Quality Committee.

## **9. AUDIT COMMITTEE**

### **9.1 Report**

Vicki Salmon advised that the Audit Committee had discussed the financials fully and in making the recommendations to the Board on the Funding contracts had asked that the organisations and trusts involved be asked whether they are audited, the percentage of funds the ADHB is providing to their turnover and their financial viability by providing financial accounts. The Committee had also considered the Treasury Report, Insurance Renewal and a number of Internal Audit reports as well as the standard reports on major contracts coming up.

### **9.2 Framework Trust**

Moved Ian Scott, seconded Pat Sneddon

*That the following contract be approved by the Auckland District Health Board:*

- *Framework Trust*
- *Mental Health Residential, community Support Work and Social and Recreational Services*

- *Estimated annual value of the contract is \$2,034,744.59 (full contract value - \$4,069,489.18)*
- *Term of contract is 2 years*
- *No right of renewal*

*And that the CEO be authorised to sign the contract on behalf of the Auckland District Health Board.*

Carried

### **9.3 Delamore & Reidy Mental Health Community Support**

Moved Ian Scott, seconded Pat Sneddon

*That the following contract be approved by the Auckland district Health Board:*

- *Delamore and Reidy Mental Health Community Support Services Ltd*
- *Mental Health Residential Services*
- *Estimated annual value of the contract is \$2,336,331.50 (full contract value - \$4,732,663.00)*
- *Term of contract is 2 years*
- *No right of renewal*

*And that the CEO be authorised to sign the contract on behalf of the Auckland District Health Board.*

Carried

### **9.4 Odyssey House Trust**

Moved Ian Scott, seconded Pat Sneddon

*That the following contract be approved by the Auckland district Health Board:*

- *Odyssey House Trust*
- *Residential AoDI Services*
- *Estimated annual value of the contract is \$2,760,331.24 (full contract value - \$5,520,662.48)*
- *Term of contract is 2 years*
- *No right of renewal*

*And that the CEO be authorised to sign the contract on behalf of the Auckland District Health Board.*

Carried

## 9.5 Recruitment Rights of Renewal

Moved Margaret Horsburgh, seconded Ian Scott

*That the following rights of renewal for administration and nursing bureau be exercised by the Auckland District Health Board:*

- *Alpha Personnel: the right of renewal is from 1 November 2004 and expired on 31 October 2006, at an estimated value of \$5m*
- *Healthlink: the right of renewal is from 1 November 2004 and expires on 31 October 2005, at an estimated value of \$2m*
- *Geneva: the right of renewal is from 1 November 2004 and expires on 31 October 2005, at an estimated value of \$2m*

*And that the CEO be authorised to sign the contract on behalf of the Auckland District Health Board.*

Carried

## 9.6 Provision of Supply Chain Services for Consumables

This contract had been discussed in detail and the Audit Committee has asked Management and Internal Audit to do further work.

## 9.7 Primary Health Organisations (PHOs)

Moved Pat Snedden, seconded Margaret Horsburgh

*That the following unsigned Head Agreements be signed on behalf of Auckland District Health Board:*

<i>Organisation</i>	<i>Services</i>	<i>Estimated Annual Value</i>	<i>Term of Contract</i>	<i>Right of Renewal</i>
<i>Tamaki Health Care Charitable Trust</i>	<i>PHO Services</i>	<i>\$3,772,340.00</i>	<i>30 March 2005</i>	<i>Yes</i>
<i>AuckPAC Health Trust Board</i>	<i>PHO Services</i>	<i>\$5,108,460.00</i>	<i>30 June 2004</i>	<i>Yes</i>
<i>The Primary Health Network for Auckland Ltd</i>	<i>PHO Services</i>	<i>\$28,923,220.00</i>	<i>30 June 2004</i>	<i>Yes</i>

*And that the CEO be authorised to sign the contracts on behalf of the Auckland District Health Board.*

Carried



**10. GENERAL BUSINESS**

**Navy Hospital**

This is to be considered at the Hospital Advisory Committee in August.

**11. NEXT MEETING**

The meeting closed at 3.38pm.

The next meeting will be held on:

Thursday 5 August 2004

Marion Davis Library

Auckland City Hospital

Grafton

**CONFIRMED**

**CHAIR:** .....

**DATE:** .....