

## AUCKLAND DISTRICT HEALTH BOARD

Minutes of the Auckland District Health Board meeting  
held on Thursday 4 August 2005 in the Marion Davis Library  
Building 43, Auckland City Hospital, Grafton  
commencing at 1:30 pm

### 1. ATTENDANCE AND APOLOGIES

#### Board Members

Wayne Brown (Chair)  
Harry Burkhardt  
Barry de Geest  
Di Nash  
Ian Scott

Tony Bierre  
Chris Chambers  
Virginia Hope  
John Retimana

#### Management in Attendance

Garry Smith – Chief Executive Officer  
Denis Jury – Chief Planning and Funding Officer  
David Sage – Chief Medical Officer  
Adrian Lichkus – Acting Chief Financial Officer  
Nigel Murray – General Manager Auckland City Hospital  
Andrew Norton – General Manager Human Resources  
Ian Bell – Board Administrator

#### Apologies

The Chair declared the meeting open at 1:10 pm.

Apologies had been received from Ross Keenan and Jackie Blue. John Retimana had apologised for lateness.

### 2. CONFIRMATION OF MINUTES – 7 JULY 2005

Item 10, General Business, Lifting the Health of Aucklanders needed to be amended so that proposals from CPHAC on Lifting the Health of Aucklanders be confirmed at Board level rather than the Board delegating authority to the Community and Public Health Advisory Committee. An amendment to the minutes was proposed.

Moved Di Nash, seconded Ian Scott

*That resolutions passed by the Community and Public Health Advisory Committee on Lifting the Health of Aucklanders be included in the Board agenda and be formally put as part of the process of the Board meeting.*

Carried

This may mean that some CPHAC resolutions are put to the following months Board meeting.

Moved Di Nash, seconded Tony Bierre

*That the minutes of the meeting of the Auckland District Health Board held on 7 July 2005 with the amendment to the resolution under Lifting the Health of Aucklanders (above) be confirmed as a true and correct record.*

Carried

**3. ACTION POINTS 7 JULY 2005**

It was noted that the action points were addressed by items in the agenda.

**4. CHAIRMAN**

**4.1 Report**

Wayne Brown reported to the Board:

- He had noted a letter in the Bay Chronicle (Bay of Islands) stating the Coronary Care Unit was doing a good job which showed the impact of ADHB on other parts of New Zealand.
- The Board had met for dinner.
- A meeting had been held with Deloitte with Harry Burkhardt and this would be followed up with a letter.
- He had met with the President of Tahiti, Oscar Temaru.
- He had attended a regional meeting at Waitemata with Denis Jury which had considered laboratories and paediatric neurology services.
- Graham Aitken's report to Gordon Davies had been positive.
- The IS sub-group had met with Telecom concerning proceeding with a partnering arrangement.
- He and Ian Scott had met Mr Goshe over the concerns with the relocation of the Pacific Island Mental Health Services.
- He had received correspondence from the Phobic Trust.
- He had met with Baxter Pharmaceuticals with them presenting innovative ways of doing business and they are to meet with the procurement group to achieve best practice.
- Tony Bierre's input on laboratories had been positive and was acknowledged.
- Service reviews with progressing.

**4.2 Regional Report**

Wayne Brown advised that the regional meeting had been held in July. The relative loss of money in Children's Services relating to patients from Counties Manukau and Waitemata had been raised.

**4.3 Official Guest Visits**

The need for a policy on official guests had been illustrated by the visit of Prince William to Children's Services. Kay Hyman had presented the policy to the Starship Foundation.

Moved Wayne Brown, seconded Ian Scott

*That the Auckland District Health Board adopts the Official Guest policy contained in the Board papers 4 August 2005.*

Carried

#### **4.4 Disability Support Advisory Committee Membership**

Minnie Baragwanath was employed by the Auckland City Council and this would give another link between ADHB and the Council.

Moved Barry de Geest, seconded Virginia Hope

*That the Auckland District Health Board appoints Minnie Baragwanath as a member of the Disability Support Advisory Committee.*

Carried

Barry de Geest raised the question of the Disability Support Advisory Committee meeting monthly. It was suggested that the two monthly meetings continue but members could meet on their own on the alternative months.

Barry de Geest advised that he had been abused by a staff member, driving an ADHB car, parked in a disability car park. He had laid a formal complaint with the CEO who had apologised on behalf of the organisation.

#### **4.5 Maori Health Advisory Committee Membership**

This appointment was to replace Rob Cooper in the interim between Ngati Whatua nominating another member.

Moved Harry Burkhardt seconded Ian Scott

*That the Auckland District Health Board appoints Tracy Walters as a member of the Maori Health Advisory Committee for a maximum period of 3 months.*

Carried

### **5. CHIEF EXECUTIVE OFFICER**

#### **5.1 Report**

Garry Smith advised of the death of Peter Christie a respected teacher and transplantation surgeon. The Board paid tribute on the loss of a leading surgeon to Dr Christie and extended its condolences to his family.

Garry Smith advised that he had attended the Health Innovation Awards. He noted the article in newHealth by Gordon Davies noting the positive change for ADHB in focusing on its own population and being a real DHB for that population while being responsive to DHBs for regional referrals and delivering effective national services. He also noted the National Business Review poll with hospitals receiving the second highest consumer service ratings. An increasing number of compliments were being received.

The performance for the year was a great effort by staff to be within budget, the underlying result being \$62.2m compared with a budgeted result of \$66.6m. Next month a more detailed review of the 2004/2005 year of both financial and service performance measures would be given with lessons to be learned for the forthcoming year.

He tabled a report on goals and objectives for 2005/2006, the goals being to:

- Live within our means
- Lead performance improvement
- Lift the health of people in Auckland City.

Living within our means meant working locally for the population, regionally to manage more effectively other DHBs on price/volume, to provide tertiary services to price/volume, nationally to provide services that are capacity funded and to manage other activities such as research and retail pharmacies in a transparent manner. Leadership and performance improvement was to performance manage the organisation. The need for Auckland to get its fair share will be reinforced.

#### Moved Wayne Brown, seconded Di Nash

*That the Board notes the change in presentation of organisational objectives for 2005/2006 and the process for prioritising and making sub objectives part of everybody's work plan for the year.*

#### Carried

Performance reviews for all staff would be undertaken against these goals.

KPIs for the Executive Team would be brought to the next Board meeting and then these would be reported against for the year. It was important that ADHB delivered on what they were contracted for.

The results of the service performance reviews and development of three year plans for each service should be drafted within the next few weeks, the plans being to detail the methodology for delivery of services. A number of service reviews had been undertaken at Greenlane by Fionnagh Dougan and Nigel Murray was commencing the reviews at Auckland City Hospital.

Garry Smith advised that adjustments to the three year DAP figures were being undertaken. Adrian Lichkus was fulfilling the Chief Financial Officer role with the new appointment to commence late September. The next day there would be a regional services planning day with the three regional DHBs plus Northland and Waikato which would be attended by CEOs, CMOs and chiefs of operations.

Andrew Norton advised that the regional SMO project involved going through every single SMO's contract by specialty, including being transparent about recruitment and retention issues in particular areas. This was a major task that should not be underestimated having last being undertaken in 1993 with over 1,100 contracts to be unravelled. A pilot was being undertaken with the support of the union with cooperation becoming increasingly positive. Credentialing had become exclusive rather than inclusive and needed to be more aligned to the business.

The Board noted a number of products coming off hospital supply status with Pharmac with consequential price increases.

## **5.2 Pt Chevalier Site Plan**

Paul Jepsen, Manager Facilities Management, was in attendance and advised that the Pt Chevalier site was lightly loaded with a possibility of doubling floor area. Not much more could be undertaken under the Auckland City Council District Plan. The value of the site was \$10m. Greenlane, Grafton and Pt Chevalier comprised all the land owned by ADHB and leased premises were decreasing with migration to the Cornwell Complex. Buildings on the sites not owned by ADHB were Ronald McDonald House and the Stephenson Laboratory at Greenlane.

## **5.3 Tertiary Funding**

Justine Tringham, Revenue Manager, presented to the Board on tertiary funding. This assumed that in-patient and out-patient prices were correct. It was calculated using a data envelopment analysis which was a mathematical benchmarking tool.

Di Nash left the meeting at 2:30 pm and John Retimana joined the meeting at 2:35 pm.

One of the problems was that ADHB had no peer in New Zealand with a suggestion that a capacity costing model be used instead of a DRG model. There was huge political inertia to change which would require a strong central planner. There was no component in the Population Based Funding formula for burden of disease and there was concern at service proliferation.

## **6. FINANCIAL REPORT – JUNE 2005**

The results for the month had a \$15.5m positive variance and year to date, after removing adjustment, an overall performance of \$62.2m deficit against a budgeted deficit of \$66.6m, a favourable variance of \$4.4m. These were preliminary unaudited results. The most pressure was in the area of direct treatment costs.

The Audit Committee had reviewed the matter of a full revaluation or part revaluation excluding the value of land with restrictive covenants.

Moved Ian Scott, seconded John Retimana

*That the Auckland District Health Board advises management to proceed with a partial revaluation of assets excluding the value of land with restrictive covenants.*

Carried

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

Their meeting had been noted earlier in the Board meeting.

## **8. QUALITY COMMITTEE**

The Quality Committee would be meeting in August.

## **9. AUDIT COMMITTEE**

### **9.1 Report**

Internal Audit had presented two reports which gave opportunities for fine tuning the organisation. There were issues of accountability of signoffs for payments and need to enforce some basic processes. The Committee had asked for a reduction in the number of suppliers and more accountability on suppliers to reconcile accounts, to allow aggregation to the maximum amount and standardisation by eliminating alternatives. The Committee had also asked for the development of payment rules.

The oncology business case had been reviewed and the service could now operate with the existing infrastructure by extending capacity and hours to delay large capital expenditure by 18 months to 2 years. Volumes were significantly less than forecast.

### **9.2. Crown Funding Agreement 2004 - 2007**

Moved Harry Burkhardt, seconded Ian Scott

*That the Auckland District Health Board gives approval to the Chairman to sign, prior to 31 August 2005, the extension of the 2003-05 CFA to 30 June 2007 following appropriate management endorsement of the document.*

Carried

### **9.3 Community Laboratory Proposal**

Tony Bierre declared his conflict of interest. The recommendation had been agreed at the regional chairs meeting after a great deal of review and wide debate. The RFP would be issued for bids in the next year so there was time for persons to gear up for a contract commencing 1 July 2007. SCL did not have a direct contract with ADHB. LabPlus and other hospital laboratories would be subject to separate discussions and decisions.

Moved Wayne Brown, seconded Harry Burkhardt

*That the Auckland District Health Board;  
Approves the extension of the current community laboratory testing contract with Diagnostic Medical Laboratory (DML) for two years as follows:*

- a) Extension period 1 July 2005 to 30 June 2007*
- b) All testing undertaken in the Auckland Region to be within the terms and conditions of the extended current contract.*
- c) Additional rebate of \$600,000 per annum to be provided by DML.*
- d) Agreed closure of twenty (20) community collection centres.*
- e) An RFP process to be completed by 30 June 2006.*

Carried



**10. GENERAL BUSINESS**

**CPHAC**

Moved Virginia Hope, seconded Ian Scott

*That the Auckland District Health Board approves the investment of blue print money in purchasing additional services in areas of our mental health services with the greatest gaps against benchmark targets and needs and measures outcomes.*

Carried

**EDU, APU**

Good work was being done in these areas to manage staff as well as the winter workload. One of the issues was the type of people presenting particularly older people from rest homes which were unable to be discharged back to the rest home. It was suggested that this may be addressed through the contracts with rest homes. Palliative care should also be accessed early to avoid admissions.

**11. NEXT MEETING**

The meeting closed at 3:30 pm.

The next meeting will be held on:

Thursday 1 September 2005

Marie Hosking Room

Level 7, Building 14

Greenlane Clinical Centre

**CONFIRMED**

**CHAIR:** .....

**DATE:** .....