

## AUCKLAND DISTRICT HEALTH BOARD

**Minutes of the Auckland District Health Board meeting  
held on Thursday 4 October 2007, 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  
Dr Virginia Hope

Ross Keenan  
Dr Chris Chambers  
John Retimana

#### Management in Attendance

Garry Smith – Chief Executive  
Dr Denis Jury – Chief Planning & Funding Officer  
Roger Jarrold – Chief Financial Officer  
Dr David Sage – Chief Medical Officer  
Taima Campbell – Executive Director Nursing  
Janice Mueller – Director Allied Health  
Viv Rawlings – GM Human Resources Operations  
Ian Bell – Board Administrator

#### Apologies

The Chair declared the meeting open at 1:12 pm

Apologies had been received from Barry de Geest, Dr Di Nash and Dr Ian Scott. The interests register was tabled and available for members to update.

### 2. DIRECTOR GENERAL OF HEALTH – STEPHEN MCKERNAN

The Chair welcomed Stephen McKernan, Director General Ministry of Health.

Stephen Mckernan acknowledged the achievements of the Board in 2006/2007 with excellent results and achievements advising that a family member had experienced the care and compassion and first class professional care given by ADHB.

It had been a year of significant change for the MoH with a review of its objectives and an assessment of how it should operate within the sector. The key findings were the need to take a longer term view, provide leadership, long term planning, performance sharing between DHBs, make priorities true priorities and streamline processes. The purpose was to position the Ministry better for the future and was as much about how functions were undertaken as structural changes.

Functions being established were:

- Health and Disability System Strategy – long term planning
- Population Health Policy
- Sector Accountability and Funding
- Maori Health
- Sector Capability and Innovation (example sharing achievements i.e. Auckland MRSA, cancer network).

- National Health and Disability Services (the 22<sup>nd</sup> DHB)
- Information (infrastructure and investment)
- Change and Development, Corporate Services.

An accountability review was being undertaken with the aim of simplifying and streamlining with performance related to health targets.

The national systems (of the 22<sup>nd</sup> DHB) needed a critique of what was included or excluded following the devolution over the last seven years i.e. there would always be a need to be a national strategic public health function.

The Board raised a number of questions:

- The impact of different valuations across New Zealand on assets which reflected in the operational statements with ADHB having tagged accounts for not revaluing as the valuation principles caused a mismatch of costs related to revenue, both in Population Based Funding and IDF prices. The Director General responded that the PBFF was under review including its components and the capital charge. It was suggested that land and buildings should be taken off DHBs' balance sheets and accounted at the centre and it was also noted that SOEs were not required to revalue.
- Annual audit accounting issues with the MoH cash accounting and expending money in the latter part of the year which could not be spent by the recipient until the following year when revenue and costs should be matched. Accounting rules required income received to be accounted for in the year of receipt.
- Kiwisaver issues with, from 1 April 2008, accrual on leave and long service leave with its implications on the operating statement.
- How could the DHB influence the national services and how they are delivered through the 22<sup>nd</sup> DHB?
- Related to the previous point the concept of breast screening and cervical screening being integrated as they were addressing the same population.
- The need for Asian populations to be recognised with further subset divisions within that population.
- When there were wage settlements outside budget assumptions there is no recognition of the implication in IDF prices being a major risk in any settlement for ADHB. Prices needed to be adjusted back to 1 July of the year of settlement not reflected 2 years later in the adjusted IDF prices.
- The orthopaedics initiative was now over providing on hips with a request that some of the funding be used for other orthopaedics.

The Chair commented that regional cooperation was going well and developing and ADHB supported regional approaches, including regional purchasing, rather than necessarily a national approach. He thanked the Director General for addressing the Board and trusted that he would consider the issues raised by the Board.

### **3. CONFIRMATION OF MINUTES – 6 SEPTEMBER 2007**

Moved Virginia Hope, seconded John Retimana

*That the minutes of the Auckland District Health Board meeting held on 6 September 2007 be confirmed as a true and correct record noting that the interests register had been tabled and was available for members to update.*

Carried

#### **4. ACTION POINTS – 6 SEPTEMBER 2007**

##### **Disability Parking**

The suggestion of disability parking being provided on Park Road was being discussed with the Auckland City Council.

##### **State of the Nation Addresses**

Ian Scott had attended three of the presentations and had reported positively on the staffs' reactions.

#### **5. CHAIRMAN**

##### **5.1 Report**

Wayne Brown reported on his activities for the month:

- There had been some positive media feedback on the 2006 – 2007 results achieved however it was hard to get them publicised.
- The Health Select Committee's questions related to the 2006 – 2007 financial review had been received.
- He would be opening an optometrists' conference the following week.
- Invitations had been issued for the launch of the Healthy Village Action Zone on Monday 29 October 2007.
- He had responded to the Office of the Auditor General's draft report on conflicts of interest.

##### **5.2 Regional Report**

Ross Keenan advised that a regional meeting had been held on 24 September 2007 which had been a stocktaking meeting and had considered the Office of the Auditor General's conflicts of interest draft report. Other matters considered were work that could be done regionally, equity of access, community laboratory testing tender process, update on regional opportunities i.e. regional auditor and anti-fraud, PHO funds management and quality improvement initiatives. The next regional meeting would be in November.

##### **5.3 A+ Trust**

The Board acknowledged the letter from A+ Trust concerning the facilitating of transfer of funds to the Trust to allow it to become more independent and for the Trust to become the research contracting arm of ADHB.

The Board also acknowledged a card from the family of Sir Hugh Kawharu.

## 5.4 Ministry of Health

The letter from the Minister of Health concerning elective service performance was acknowledged.

## 5.5 Spectrum Care Trust of Trustee's Appointment

Moved Wayne Brown seconded Ross Keenan

*That the Auckland District Health Board endorses the appointment of Nick Kosoof and the reappointment of Rea Wikaira and Margaret Horsburgh as a Trustee of the Spectrum Care Trust.*

Carried

## 6. DISABILITY SUPPORT SERVICES

The minutes of the meeting on 20 September 2007 had been distributed.

The Chair commented that he understood that one of the reasons why Barry de Geest was not putting himself forward for re-election was due to the OAG's approach on conflicts of interest. He acknowledged Barry de Geest's input and his huge impact on changing peoples' attitudes to disability because he was a very talented but disabled person who could communicate the real effects of disability.

## 7. AUDIT COMMITTEE

### 7.1 Report

The Chair of the Committee, Harry Burkhardt reported that they had spent time with the auditors, Ernst & Young and while the accounts would be tagged relating to property valuations the operating accounting functions were good. He acknowledged the efforts of the Chief Financial Officer.

### 2.2 Kiwibank Bank Account

Moved Wayne Brown, seconded Harry Burkhardt

*That the Auckland District Health Board authorises the opening of a deposit account with Kiwibank Bank.*

Carried

### 7.3 Taxi Services and Ranks

There were comments on the enforcement of rates with taxis and the need for education of both the taxi drivers and staff of the arrangements.

Moved Harry Burkhardt, seconded John Retimana

*That the ADHB approves the selection of Auckland Cooperative Taxi Society Limited and their consortium partners (Co-op) as the preferred provider of taxi service and ranks to Auckland District Health Board. The Co-op consists of Auckland Cooperative Taxi Society Limited, South Auckland Taxi Association Limited, Western Cabs Limited and Northshore Taxis Limited. The contract is for a period of three years commencing 1 July 2007 with an optional two year right of renewal with an estimated annual value (averaged over the 5 year term) of \$639,000.*

Carried

**7.4 Supply of Medical, Industrial and Scientific Gases**

Moved Harry Burkhardt, seconded Chris Chambers

*That the ADHB endorse selection of BOC Medical (BOC) as the provider of Medical, Industrial and Scientific Gases with the contract to be for 4 years commencing 1 November 2007 with an optional 2 year right of renewal followed by a further optional 1 year right of renewal at an estimated annual value of \$574,679 and an estimated value over the 7 year term of \$4,022,757.*

Carried

**7.5 Ryman Healthcare Limited**

This contract only funded occupied beds once patients had passed clinical assessment.

Moved Harry Burkhardt, seconded Wayne Brown

*That the Auckland District Health Board delegates signing authority for the Aged Residential Care Contract with Ryman Healthcare Limited to the Chief Planning and Funding Officer.*

Carried

**8. MAORI HEALTH ADVISORY COMMITTEE**

The previous day's meeting had been cancelled. The next meeting of the Committee would be in December 2007.

**9. QUALITY COMMITTEE**

There was no report in the absence of the Chair of the Committee, Dr Di Nash.

**10. CHIEF EXECUTIVE OFFICER - REPORT**

Garry Smith advised that there had been good results for the month, however there was pressure around wage settlements and a need to keep productivity high. Regionally there had been a stock take of projects and good progress on a number of fronts. Capital

planning was progressing and work was being undertaken with Counties Manukau on the next stage of their building programme.

The Healthy Village Action Zone launch would be a significant event on 29 October 2007 and a SPINIA conference would be held on 25 October 2007 which was important for ADHB with input from Stephen Munn and Canada on the introduction of new technologies. David Sage and Stephen Munn were asked to update the Board on the conference in December. Work was being undertaken to find a way forward concerning PET

The integrated management structure of the CE, CMO, Executive Director Nursing and Director of Allied Health was involved in the quality department and the final roles of that department had been determined. Critical issues at a national level were MECA and national pricing.

The problems in the year for the audiology service had been noted as was the change in leadership and effort put into listening to staff to resolve problems. Children's audiology services were still critical. The lack of IT support to ensure the service is counting their volumes accurately was noted.

## **11 FINANCIAL REPORT – AUGUST2007**

The CFO advised that the lease with Subway for space at ACH had been finalised with good cooperation between Subway and the Healthy Eating Healthy Action initiative. On 12 October 2007 the floor of sterile supplies would be uplifted, the project being led by Carsons and Fletchers with contingency plans in place, to address a steam leakage problem. Contingency plans included using Greenlane and Waitemata for sterile supplies.

The financial results were good and if paid for all production there would have been a \$4m surplus so a contingency sum of \$3.5m had been withheld. It demonstrated that ADHB can produce very well at the margins. September production was good with wies per day at the level of August however October could be lower as a result of holidays.

There had been a meeting with Beca concerning co-generation and they are going to reconsider their position. The Chief Executive was meeting with Meridian. Out patient outputs per working day were being considered as a crude indicator for predicting production requirements.

The percentage of costs to revenue table was showing a shift in relation to medical and nursing staff costs. Cash flows were satisfactory and the final round of pricing would be going to the CEOs with the regional approach supported by Waitemata. Within the population based funding formula a half percent efficiency factor was included, however within IDFs the efficiency factor historically is 2.2% which was an anomaly and greatly affected ADHB.

## **12. GENERAL BUSINESS**

There were no items of general business.



**13. NEXT MEETING**

The meeting closed at 3:10 pm

The next scheduled meeting is  
1:30pm, Thursday 1 November 2007  
Marion Davis Library  
Building 43  
Auckland City Hospital  
Grafton

**CONFIRMED**

**CHAIR:** .....

**DATE:** .....