

AUCKLAND DISTRICT HEALTH BOARD

Minutes of the Auckland District Health Board meeting
held on Wednesday 2 April 2008, in the Rangitoto Room,
Level 3, LabPlus, Auckland City Hospital, Grafton
commencing at 1:30 pm

1. ATTENDANCE AND APOLOGIES, CONFLICTS OF INTEREST

Board Members

Pat Snedden (Chair)	Jo Agnew
Susan Buckland	Harry Burkhardt
Dr Chris Chambers	Rob Cooper
Brian Fergus	Dr Ian Scott
Bob Tizard	Seiuli Dr Juliet Walker
Ian Ward	

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
Greg Balla – Director Performance and Provider Development
Taima Campbell – Executive Director Nursing
Janice Mueller – Director Allied Health
Vivienne Rawlings – General Manager HR Operations
Ian Bell – Board Administrator

Apologies, Conflicts of Interest

The Chair declared the meeting open at 1:20 pm.
No conflicts of interest with items on the agenda were declared.

2. CONFIRMATION OF MINUTES – 5 MARCH 2008

Moved Susan Buckland, seconded Seiuli Dr Juliet Walker

That the minutes of the Auckland District Health Board meeting held on 5 March 2008 be confirmed as a true and correct record.

Carried

3. ACTION POINTS – 5 MARCH 2008

The proposal for courses on financials and training would be considered at the Board day.

Information on immunisation rates had been provided in the Hospital Advisory Committee report.

4. CHAIRMAN'S REPORT

The Chair reported on his activities:

DHBNZ

Notes of the meeting of DHBNZ had been emailed to Board members. The Annual Plan and KPIs had been agreed. The response from DHBNZ to the ADHB requests would be circulated and the Minister was aware of what ADHB was proposing. The Chair had stood down from the Executive of DHBNZ from 10 March 2008 and other Chairs were taking over the Procurement and Workforce portfolios, however he was still co-opted to the Industrial Relations/Employment Relations work stream. The AGM of DHBNZ would be held in September.

Tripartite Agreement

There was unanimous general agreement from the region including support for ADHB's concerns. Legal advice was being sought on the impact of the Aged Residential Care decision.

Building 5, Greenlane Clinical Centre

ADHB had a consent to demolish Building 5 however there had been an objection and an appeal to the Environment Court. An Auckland City Council (ACC) meeting had wished to revisit the issue and had invited the Chair to speak. He had advised that Auckland had a primary responsibility to deliver healthcare, had consulted on HSDP and followed the rules of processes. The Auckland City Council took a view that ADHB had not taken a corporate citizen approach in relation to heritage buildings. He pointed out that there had been demolitions to get the Auckland City Hospital, a world class facility. The use of Building 5 for clinical purposes was not tenable, the terms of the endowment was for the use for health purposes, there needed to be a reality test on the use of the building and that there would be a need for a multi level car park on the Greenlane site. ADHB had to have control of its land for future health purposes and he had proposed a 2 year pause for the matters to be considered. The ACC resolution had been to classify the building as heritage and join the appeal to the Environment Court.

The Chair had also met with Mike Lee, Sandra Coney and Peter Winder of the Auckland Regional Council who wanted to join the Environment Court appeal and seek alternative uses for the building. While recognising the other interests ADHB should preserve its legal rights, oppose the heritage status and not reduce its legal rights to the Environment Court. Ryder Hunt had advised to get the building to a acceptable position would cost \$6.1m. Questions were raised whether an appropriate balance could be found between ADHB priority to provide health services and preserving Building 5, what would be gained by removal of the building as against other uses on sound commercial principles, longer term objectives for the site and whether a 2 year period was sufficient to find a suitable tenant? Management issues were accessed to the crèche, the costs of maintaining the building and the building being in a different state from its original. The Board was committed to the Costly Building which would cost \$5m to restore. While the area initially would be a car park, as there was a need to relocate from Alexander Park by 2011, it was preserving land for future clinical and related services. A building permit was being sought to demolish Building 10.

Board members were canvassed as to their view with some agreement to the position taken by the Chair but some disquiet at the integrity of the Auckland City Council's processes. Two positions were put to the Board to agree to the 2 year period and work with the Auckland City Council and ARC for alternative car parking or to withdraw and follow the legal path.

Moved Pat Snedden, seconded Brian Fergus

That the Auckland District Health Board resolves to:

- (1) continue the appeal to the Environment Court on rescheduling of Building 5 as a heritage building and its present rights to appeal to the Environment Court;*
- (2) continue negotiations with Auckland City Council and Auckland Regional Council for alternative commercial uses that accord with the Trust Deed uses and discussion on providing alternative car parking on the Greenlane site, for a 2 year period;*
- (3) that attention be paid to the health and safety of the building at present; and*
- (4) enable management to engage Crown Health Financing Agency to manage the project related to Building 5.*

Carried

5. COMMITTEE REPORTS

The Chair of the Committee, Harry Burkhardt reported on the Audit meeting held on Tuesday 1 April 2008 which included Internal Audit reports, Financial report and a number of expenditure proposals.

5.1.2 Expenditure Proposals

Electricity Contract Renewal

This recommendation involved a change in the future risk profile.

Moved Harry Burkhardt, seconded Ian Scott

- 1. That ADHB renew its Electricity Supply Agreement with Meridian Energy for the Auckland City Hospital, Greenlane Clinical Centre and the Point Chevalier sites for a further three years from April 1st 2008.*
- 2. That ADHB take the option to reduce its current spot market exposure from 50% of the energy purchased from Meridian to 15%. The estimated value of the contract under this option is now likely to be between \$1million and \$1.35million p.a. depending on spot prices.*

The contract will also have the effect of setting the fixed TOU (time of use) prices for electricity purchased from Energy for Industry who operate the cogeneration facility at Auckland City Hospital. The estimated cost of this electricity will now be approximately \$2.43million pa.

- 3. That the CEO be delegated authority to execute the contract.*

Carried

T610 Dialysis Services and Support

As a result of a previous proposal ADHB had looked at the service which had allowed management to recommend a mix of services with a mix of suppliers with home dialysis spread over two suppliers but not equally. The Clinical Director of the regional service had been heavily involved with the proposal to ensure clinical assurance. The Audit Committee recommended approval with the proviso that the proposal be signed off by Waitemata.

Harry Burkhardt declared an interest in that one of the suppliers was a client of his firm.

Moved Ian Scott, seconded Bob Tizard

That the Auckland District Health Board approves a comprehensive solution for the provision of a range of specialist services and support for the ADHB Renal Services. The total value of the support and services recommended are estimated at \$31M (five years, April 2008 to April 2013).

Carried

Philips New Zealand Ltd Consolidated Equipment Purchase

This was a consolidation under present standardisation and in the future there would be a tender.

Moved Ian Scott, seconded Bob Tizard

That the Auckland District Health Board approves a contract for five ultrasound scanners and a 3D TOE Probe attachment from Philips New Zealand Ltd to a total value of \$997,950.

Carried

EP Lab Replacement

The radiation license would expire 30 November 2008 although there was an issue with the licensee related to clinical grounds rather than radiation for the expiry of the licence. There was a responsibility to provide the service and the Committee had asked that any national procurement processes be considered.

Moved Chris Chambers, seconded Ian Scott

That the ADHB approves the purchase of EP replacement equipment totalling \$1,060,000 and fit out costs \$438,000 for EP Lab Replacement, Cardiology, and Auckland City Hospital subject to the Chair of the Audit Committee being satisfied as to revenue and pricing, tender process for equipment and fit out and regional approval processes.

Carried

Helipad Car Park Extension

Moved Harry Burkhardt, seconded Bob Tizard

That Auckland District Health Board approves that:

(1) subject to Ministerial consent, the Helipad Car Park Building be extended to provide 135 more parking spaces on the Auckland City Hospital site at a total cost of \$3,111,000 (excl GST);

(2) that the tender from Kalmar Ltd to construct the Helipad Car Park Extension be accepted and the CEO be delegated authority to execute the contact; and

(3) further investigation of the provision for meeting the demand for public car parking.

Carried

5.2 Disability Support Advisory Committee

Jo Agnew advised that the Committee had had a very good meeting with the Chair, Barry de Geest advising where the Committee had come from and what direction it was taking and the funding for under 65 and over 65s. There had also been a presentation on the Health of Older People quality initiatives. There would be a recommendation for additional members to the Committee.

5.3 Maori Health Advisory Committee

There had been a full turnout of members to the Committee which had had conversations centred around the progress in Maori health over the last 3 years. This highlighted the importance of the relationship with Ngati Whatua, the connection of Maori health needs, awareness of Maori approach to wellness and a stock take on initiatives. Subsequent to the meeting there had been a discussion on the role and authority of the Committee to be recommended to the Board. There was identified a need for a full meeting with the Runanga which would be held at the Orakei Marae.

5.4 Pacific Health Advisory Committee

The Committee had not met but further names for appointment to the Committee would be advised on the Board day.

5.5 Quality Committee

The Committee had considered a revised risk report, received a paper on community liaison and requested from the Clinical Board advice on ethical considerations between public/private work and consequences of those ethics being breached. They also had discussed the primary care interface with Quality and primary care representation on the Committee. Consideration would also be given as to how to report risks to the full Board in public.

6. CHIEF EXECUTIVE OFFICER

6.1 Report – February 2008

There had been a focus on the District Annual Plan including improvement in projects and the processes to ensure that it aligned with strategic objectives and that there was funding and resources to undertake the initiatives. It was expected that this year the results would be on target both for financial and production.

State of the Nation addresses had been held reporting to the organisation which celebrated the break even position and while coming off a positive base advocating continuing improvement based on good clinical governance. Regionally there had been discussions on how the region worked, made decisions and fed back on national issues. The key would be when there are difficult decisions as there would be gains and losses between DHBs but they must have best regard for the best overall outcome.

There was increasing risk in Starship and other critical services as a result of aggressive recruitment from Australia of key staff. Garry Smith had been approached to undertake the national Employment Relations work.

The financial and productivity results were good with production being 9% higher per working day than in 2007 and 14% higher than 2006. All Auckland DHBs had been experiencing increased acute demand with no clear understanding of why this was happening.

The Board requested a presentation on Regional Service Planning to the Hospital Advisory Committee.

Waiting times for radiation oncology were decreasing. Ngarie Buchanan had been the Controller for the region for the national Civil Defence exercise based around a volcanic eruption. Starship operating rooms were to be established in a different location and overflow pressure would go to Level 8. The national Quality Improvement Committee projects would be going to the national CEOs meeting in April. The SMO job sizing project was behind schedule but ADHB was further advanced than its neighbours. The regional ISSP now covered 4 DHBs including Northland and was progressing well. There may be delays to some projects due to vendor performance and lack of staff.

Ian Scott advised that he had attended a Starship Foundation Board meeting. He noted that there was a focus on the hospital rather than community so there needed to be discussions to put forward projects that supported children's health, for example oral health.

CSSD warm floor had stabilised and Beca and Fletchers were working on a long term solution which may take 2 years.

It was suggested that Board members avail themselves of the flu immunisation available to staff.

Moved Pat Snedden, seconded Susan Buckland

That the Chief Executive Report for February 2008 be noted and the Board thank staff for their efforts at a time when the hospital was full.

Carried

6.2 Consultation Community Laboratory Services

Tim Wood, Project Director was in attendance as was Corporate Counsel, Bruce Northey.

Waitemata had delayed a decision for one month to see the Consultation Plan. The communication plan was taking a green fields approach with wide consultation with stakeholders with a budget of \$175,000. The proposed household pamphlet drop was more economic than Herald advertising. 8% of tests were through private specialists and it was proposed that they no longer be funded by public funds.

The question was raised as to the Board agreeing to a communication plan when they had not agreed on the strategy for the whole process. Management advised that the proposal to consult was to inform stakeholders and the responses would inform any strategy or direction that would be developed. There may then be further consultation.

Corporate Counsel advised that doing nothing is in its own right a decision, that the present contract had a finite time and would change, that it was proposed to consult with providers and PHOs which had been a criticism in the decision and that the consultation

would assist in formulating the way forward and strategy. There was a risk that there may be a public response as previously.

Comments from the Board were that it was a complex process and there may not be public understanding of those complexities and that the consultation appeared to be over designed and could be seen as an expensive public relations exercise. It was also a new Board so the timing may be premature. It was suggested that use of a polling agency may get a better response than general public consultation. The Board was reminded that what the DHBs were trying to achieve through a tender was to get a contestable market to get the best value for their money.

The Chair advised that the paper would not progress and requested that Management prepare a briefing paper on the Community Laboratory history to inform and increase understanding for the Board.

The Project Director advised that he would take cognisance of the Boards comments including that the consultation plan may be too comprehensive.

7. FINANCIAL REPORT

7.1 Report – February 2008

The result for the month was good with production 9% up on the throughput of a year ago. There had been a change in the mix of acute/electives with electives falling behind and being outsourced. A deficit was expected for March but then small surpluses through to June to get to a breakeven year end. Current wage costs were \$1m per month over budget.

Auckland had put tremendous effort into breaking even and needed advice from neighbouring DHBs for forward planning as it was vulnerable to what they did in the future, particularly with risks around repatriation of services. The present Regional Service Planning did not appear to be working and there needed to be leadership at Board level supported by Senior Management above the individual service levels. There were a number of regional processes that worked well being the Auckland Regional Public Health Service, the Cancer Network and Mental Health. There needed to be a change in relationships with the other DHBs and with the private sector to get better long term planning and certainty.

The risk to ring fenced money for electives was being addressed through out sourcing and was expected to be achieved.

Moved Harry Burkhardt, seconded Rob Cooper

That the Finance Report February 2008 be noted.

Carried

7.2 Recovery Action – Dr. Hong Kong

Moved Susan Buckland, seconded Jo Agnew

That the ADH Board confirms the approval give by the Chair and Deputy Chair of:

1. *Enjoining AuckPac, Dr Hong Kong's PHO, as a second plaintiff in the action to recover over-claimed GP patient capitation fees or, if AuckPac does not agree to that role, enjoining AuckPac as first defendant.*
2. *Agreeing to limit recovery of over-claimed GP patient capitation fees from AuckPac to the management fee element enjoyed by AuckPac, provided that AuckPac agrees to refund that sum, once the quantum is established, and agrees to support and assist Auckland DHB fully with the recovery action against Dr Hong Kong.*

Carried

8. GENERAL BUSINESS

There were no items of general business.

9. NEXT MEETING

The meeting closed at 4:43 pm

The next scheduled meeting is
1:30pm, Wednesday, 7 May 2008
Marion Davis Library
Building 43
Auckland City Hospital
Grafton

CONFIRMED

CHAIR:

DATE: