

## MIDCENTRAL DISTRICT HEALTH BOARD

Minutes of the MidCentral District Health Board meeting held on 17 November 2009 at 10.00 am at MidCentral District Health Board Offices, Board Room, Gate 2B, Heretaunga Street, Palmerston North

### PRESENT

Ian Wilson (Chair)  
Diane Anderson  
Lindsay Burnell  
Graeme Campbell  
Ann Chapman  
Jack Drummond

Dennis Emery  
Jim Jefferies  
Stephen Paewai  
Barbara Robson  
Phil Sunderland

*Unconfirmed Minutes*

### IN ATTENDANCE

Murray Georgel, Chief Executive Officer  
Mike Grant, General Manager, Funding Division  
Heather Browning, General Manager, Enable New Zealand  
Jill Matthews, Principal Administration Officer  
Jeff Small, Group Manager, Commercial Support Services  
Susan Moore, Communications Officer

Public (0)  
Media (1)

The meeting opened with a prayer and tribute to the late Stuart Wilson, General Manager, Corporate Services.

A welcome was extended to new Board Member, Phil Sunderland.

The General Manager, Funding Division and his team were congratulated on the very successful 2009 Health Awards.

#### 1. APOLOGIES

There were no apologies.

#### 2. LATE ITEMS

There were no late items.

#### 3. CONFLICT AND/OR REGISTER OF INTERESTS UPDATE

##### 3.1 Amendments to the Register of Interests

Phil Sunderland's interest as a Senior Partner, Fitzherbert Rowe was noted. Mr Sunderland advised Fitzherbert Rowe provided legal services for MidCentral DHB, Enable New Zealand and

Allied Laundry Services Limited, and had implemented a process to ensure a partner other than Mr Sunderland, now managed these matters.

Ian Wilson noted that his membership in Estendart has changed. He was now the Chair.

### **3.2 Declaration of Conflicts in Relation to Today's Business**

No items were identified.

## **4. MINUTES OF PREVIOUS MEETING**

### **4.1 Minutes**

It was resolved:

*that the minutes of the previous meeting held on 20 October 2009 be confirmed as a true and correct record.*

### **4.2 Matters Arising from the Minutes**

There were no matters arising from the minutes.

## **5. BOARD COMMITTEES**

### **5.1 Hospital Audit Sub-Committee**

It was resolved:

*that the unconfirmed minutes of the meeting of the Hospital Audit Sub-Committee held on 20 October 2009 be received and the recommendations contained therein approved.*

### **5.2 Matters Arising**

There were no matters arising from the minutes.

### **5.3 Community & Public Health Advisory Committee**

It was resolved:

*that the unconfirmed minutes of the meeting of the Community and Public Health Advisory Committee held on 3 November 2009 be received and the recommendations contained therein approved.*

### **5.4 Matters Arising**

#### **5.4.1 Price:Volume Schedule**

The Committee's involvement in reviewing the price:volume schedule, particularly around low volume services, was noted. Members supported CPHAC's interest which, in conjunction with the Hospital Advisory Committee's efforts in this regard, provided a DHB-wide approach.

## 5.5 Hospital Advisory Committee

It was resolved:

*that the unconfirmed minutes of the meeting of the Hospital Advisory Committee held on 3 November 2009 be received and the recommendations contained therein approved.*

## 5.6 Matters Arising

### 5.6.1 Financial Position and Locum Costs

The Committee Chair noted steps taken in Australia recently to reduce locum costs. Time worked as a locum was no longer attributable to a medical career pathway.

### 5.6.2 Linear Accelerator Replacement

The CEO advised that MidCentral DHB's case had been put to representatives from Siemens' they visited Central DHB on 17 November. They were now escalating this within their organisation to their German office.

Two amendments to the Committee minute on this discussion were suggested for reasons of clarity:

- Paragraph two, "it" to be replaced with "full price".
- Paragraph nine, to read, "A member wondered if the integration/upgrade of LA should be added to the milestones for the proposal to replace LA3 s the proposed option was about achieving integration across the three linear accelerators".

## 5.7 Enable New Zealand Governance Group

It was resolved:

*that the unconfirmed minutes of the meeting of the Enable New Zealand Governance Group held on 3 November 2009 be received and the recommendations contained therein approved.*

## 5.8 Matters Arising

### 5.8.1 Balanced Scorecard

The value of applications on the current waiting list for Equipment & Modification Services was clarified by management. This waiting list related to applications rated by Specialist Assessors as Priority 2. These were not high priority applications.

Budget holding took place in regard to priority 1 applications where there was insufficient budget to approve funding. Approximately 25% of priority 1 applications fell into this category.

Processes were in place for urgent applications to be processed.

### 5.8.2 Expansion & Relocation of the Hamilton Store

It was noted that unbudgeted capex was to be used based on the strength of the business case. The initiative had the ability to pay back these capex funds quickly.

## 6. STRATEGIC ISSUES

### 6.1 2010/11 District Annual Plan & Statement of Intent

The impact of the current financial situation on the planning process was discussed. Members noted that future funding levels would be less than in previous years, placing increasing importance on how services were delivered and service priorities. The links to national and regional initiatives was also seen as critical

Barbara Robson recorded her interest as a member of the Regional Clinical Services Plan's Steering Committee. She noted the need for community engagement, and, for a combined workshop of DHB Boards to be held in the near future.

It was agreed that the need for a combined Board workshop be raised at the next meeting of regional DHB Chairs and CEOs.

The importance of ensuring local enablers of a regional service model were put in place, including communication and travel.

It was resolved:

*that the report be received.*

### 6.2 Manawhenua Hauora Six-Monthly Update

It was resolved:

*that the report be received.*

### 6.3 Health Management System Collaborative & the Information Systems Strategic Plan (ISSP)

The cost of maintaining the current patient management system was discussed. It was noted that the implementation of a new system had a significant lead-in time.

It was resolved:

*that the report be received.*

### 6.4 District Strategic Plan: Update on Long Term Measures

It was noted that the delay in reporting against these measures presented no issue. The measures were long term in nature.

It was resolved:

*that the report be received.*

### 6.5 centralAlliance: Quarterly Update

Members of the centralAlliance Sub-Committee reported back on their deliberations. They supported the proposed terms of reference for statutory committees, subject to one change being made. The sub-committee considered the advocacy role proposed for the Disability Support Advisory Committee was in relation to a population approach and that this should be made explicit.

The CEO advised that the stocktake of current collaborative activities was in draft form and would be presented to the Board next month.

It was noted that a lot of discussion was occurring amongst clinicians regarding the service components of the proposed road map. This work was continuing.

It was also noted that under the centralAlliance's foundation agreement, financial resources were maintained on an individual DHB basis.

It was agreed that centralAlliance projects would need to be carefully considered in front of expected national and regional collaboration so that there was no duplication of effort. The importance of keeping informed of new national and regional decision-making processes as they developed was emphasised.

The CEO tabled the consultation document issued by the Otago and Southland DHBs regarding the proposed merger of these Boards.

It was resolved:

*that the report be received, and,*

*that the terms of reference for the following statutory committees, as contained in the agenda, be approved*

- *Community & Public Health Advisory Committee*
- *Disability Support Advisory Committee*
- *Hospital Advisory Committee*

*subject to DSAC clause 2(e) being amended to read, "to advocate to external parties and organisations on the means by which their practices may be modified so as to assist, on a population basis, those experiencing disability".*

## **7. OPERATIONS REPORTS**

### **7.1 CEO's Report**

#### *7.1.1 Sector Changes*

The changes being made within the health sector were discussed and members noted the importance of being kept informed of developments.

#### *7.1.2 DHBNZ Update*

The CEO confirmed that the savings achieved through national procurement initiatives of \$11m to date resided with DHBs and were not being held in Wellington.

#### *7.1.3 National Health Targets*

The upcoming release of national health target results for the quarter ended 30 September 2009 was noted.

In respect of the cancer waiting time target, the CEO advised that MidCentral DHB was in discussions with the Ministry of Health. Currently, if treatment occurred outside the six-week target time due to patient choice, this counted against the DHB. MidCentral DHB had submitted to the Ministry that this should not be the case.

#### 7.1.4 Regional Clinical Services Plan

##### i. Governance Arrangements

The Chairman and CEO updated members on the RCSP governance arrangements. In line with feedback from the six DHBs within the region, the proposed structure had been amended to include:

- consensus decision-making
- membership being restricted to an independent chair and a representative of the six DHBs (either the Chair or CEO)
- a RCSP leadership committee comprising clinician, consumer and other representatives

A copy of the amended arrangements was tabled.

It was noted that the revised governance arrangements and terms of reference would be submitted for the Board's consideration in December 2009. Meantime, the Chair sought an indication from the Board as to its level of support for the proposed arrangements. Members indicated support, subject to specific mention that membership of the RCSP Leadership Committee would have consumer/community representation.

Barbara Robson's interest as a member of the RCSP Steering Committee was noted. She spoke in support of the revised arrangements, and the need for explicit mention of consumer/community representation at Leadership Group level.

##### ii. Strengthening Hospital Services

The update on the Strengthening Hospital Services initiative was noted. It was agreed members be provided with a copy of the associated Action Plan.

#### 7.1.5 Financial Position

MidCentral Health's performance was discussed, and members noted the potential for this to be around \$800,000 negative to budget per month and that management was working to remedy this situation.

The level of acute patients was raised and it was suggested these were likely to be predominantly elder people, thus reinforcing the importance of ensuring the issue of "ageing demographics" was included in the forthcoming annual planning round.

Members noted recent publicity given to the level of surplus funds held by Primary Health Organisations throughout New Zealand. The General Manager, Funding Division advised that within MidCentral DHB's district PHOs had, collectively, around \$2.5m surplus on their balance sheets. This was largely related to services to improve access funding, and was being managed.

It was resolved:

*that the report be received.*

## 7.2 Associated Organisations: Annual General Meetings

### 7.2.1 Central Region's Technical Advisory Service

It was resolved:

*that this report be received,*

*that Murray Georgel, CEO be appointed as MidCentral DHB's proxy at the Central Region's Technical Advisory Service Limited's annual general meeting in December 2009 and that he be instructed to support the recommendations as included in the Notice of Annual General Meeting dated 4 November 2009.*

### 7.2.2 Allied Laundry Services Limited

Phil Sunderland's interest as a Senior Partner, Fitzherbert Rowe was noted. He questioned whether Allied Laundry Services Limited had an issue with capital and retained earnings, and, whether this should be noted in the accounts.

The CEO advised ALSL's Board had begun looking at the possibility of holding a portion of retained earnings to support future capital investments. This would require shareholder support as under the current Agreement retained earnings were paid out to the shareholders. The CEO stated that this was a current matter and did not relate to the 2008/09 annual accounts.

It was resolved:

*that this report be received,*

*that Murray Georgel, CEO be appointed as MidCentral DHB's proxy at Allied Laundry Services Limited's annual general meeting in November 2009, and in his absence, Jeff Small, Group Manager, Commercial Services,*

*and that he be instructed to support the recommendations as included in the Notice of Annual General Meeting dated 30 September 2009.*

## 8. GOVERNANCE ISSUES

### 8.1 2009/10 Work Programme

The CEO advised a report on Treasury Management was proposed. This would look at MDHB's cash position in light of current interest rates and whether it would be prudent to pay back debt. Members supported this matter being discussed, and requested that the following items be included:

- how the Asset Management Plan could be funded, including a predication of cash flows from operations
- prioritisation of the Asset Management Plan
- MDHB's ability to secure new funding
- limits on DHBs in respect of capital expenditure

The national capital expenditure processes were raised and Ian Wilson declared his interest as a Member, National Capital Committee. He noted that demands for capital expenditure far outweighed the national capital fund. This matter had been noted in the Ministerial Review Group's report.

The impact of Stuart Wilson's death on management's ability to achieve the Board's work programme was noted.

It was resolved:

*that the updated work programme for 2009/10 be noted.*

4.8

**8.2 Board and Committee Membership**

The Chairman thanked Barbara Robson for taking on temporary membership of the Community & Public Health Advisory Committee at short notice.

It was resolved:

*that the report be received and committee membership arrangements noted.*

**9. LATE ITEMS**

There were no late items.

**10. DATE OF NEXT MEETING**

Tuesday, 15 December 2009, MidCentral DHB Offices, Board Room, Gate 2B, Heretaunga Street, Palmerston North.

**11. EXCLUSION OF PUBLIC**

It was resolved:

*that the public be excluded from this meeting in accordance with the Official Information Act 1992, section 9 for the following items for the reasons stated:*

<i>Item</i>	<i>Reason</i>	<i>Ref</i>
<i>"In Committee" Minutes of the Previous Meeting</i>	<i>For reasons stated in the previous agenda</i>	
<i>"In Committee" Minutes of Committee Meetings</i>		
<ul style="list-style-type: none"> <li><i>• Community &amp; Public Health Advisory Committee, 3 November 2009</i></li> <li><i>• Hospital Advisory Committee, 3 November 2009</i></li> </ul>	<p><i>For the reasons set out in the Committee's order paper of 3.11.09 meeting held with the public present</i></p> <p><i>For the reasons set out in the Committee's order paper of 3.11.09 meeting held with the public present</i></p>	
<ul style="list-style-type: none"> <li><i>• Enable New Zealand Governance Group, 3 November 2009: ACC National Housing Modifications</i></li> <li><i>• Remuneration Committee: CEO's Performance Review</i></li> </ul>	<p><i>Contract negotiations</i></p> <p><i>To protect personal privacy</i></p>	<p><i>9(2)(j)</i></p> <p><i>9(2)(a)</i></p>
<i>CEO's Operating Report: Employment Relations Strategy</i>	<i>Negotiating strategy</i>	<i>9(2)(j)</i>
<i>Contracts Update</i>	<i>Contains commercial sensitive information</i>	<i>9(2)(j)</i>
<i>Revaluation</i>	<i>Subject of negotiations</i>	<i>9(2)(j)</i>

Confirmed this 15<sup>th</sup> day of December 2009.

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Chairman