

MIDCENTRAL DISTRICT HEALTH BOARD

Minutes of the MidCentral District Health Board meeting held on 18 August 2009 at 10.10 am at
Otaki Memorial Hall, Main Street, Otaki

PRESENT

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

Dennis Emery
Jim Jefferies
Stephen Paewai
Barbara Robson
Ormond Stock

IN ATTENDANCE

Murray Georgel, Chief Executive Officer
Stuart Wilson, General Manager, Corporate Services
Mike Grant, General Manager, Funding Division
Heather Browning, General Manager, Enable New Zealand
Lareen Cooper, General Manager, MidCentral Health
Jill Matthews, Principal Administration Officer
Dennis Geddis, Communications Officer

Horowhenua Primary Health Organisation: 3
Otaki Primary Health Organisation: 6

Public (12)
Media (3)

The meeting opened with a karakia.

1. APOLOGIES

Graeme Campbell, Board Member (leave of absence)

2. LATE ITEMS

There were no late items.

3. CONFLICT AND/OR REGISTER OF INTERESTS UPDATE

3.1 Amendments to the Register of Interests

Dennis Emery advised his involvement with Richmond Fellowship had concluded.

3.2 Declaration of Conflicts in Relation to Today's Business

There were no conflicts identified.

4.2

4. PUBLIC FORUM AND HOROWHENUA AND OTAKI PHO PRESENTATION

4.1 Questions from the Public

The following matters were raised by the public:

- Wider communication of MidCentral DHB's public forum.
- Designated car parks at Palmerston North Base Hospital for rural patients. Public feedback was very positive, and this initiative was much appreciated.
- Funding for the Horowhenua Health shuttle. The Horowhenua Health Transport Trust was finding it difficult to obtain funding in the current economic climate and sought greater certainty around MidCentral DHB's commitment to underwrite the initiative to the value of \$28,000 per year. Management undertook to discuss this matter further with the Trust.
- Otaki Health Shuttle. The Otaki Health Shuttle Management Group in consultation with St John Central Region wished to establish a St John Health Shuttle Service in Otaki. It sought more formal consultation with the Board as it progressed volunteer recruitment, sustainable funding, booking and scheduling systems and organisational structures. The Group tabled a letter to the Board in this regard.
- Future of Levin maternity unit. The DHB was congratulated on the maternity services provided in the region, particularly the information and resource service, and the primary care system. However, concern was expressed that the Levin maternity unit was under threat and an assurance was sought that this facility would continue to be provided. MidCentral Health management advised a review of new processes implemented at the Unit was to be undertaken to make sure they were working well.
- Retention of health and disability services currently available in Otaki.
- Appreciation of the public forum and the opportunity to discuss matters with the Board.

The CEO advised that over the last few years the DHB had invested in a considerable number of new services throughout the district. At the same time the DHB had experienced a cost growth that it could not continue to afford.

For the 2008/09 year the DHB had provided a greater level of services, but costs were in excess of budget.

The DHB was now entering a period of consolidation, and would be looking at what services were provided, where from, and how.

4.2 Presentation from Horowhenua and Otaki Primary Health Organisations

The PHOs made a series of presentations to the Board covering:

- Small PHOs can survive the future.
- Presentation of a case study of an Otaki PHO client with Type 2 diabetes, and the benefits of working as a multidisciplinary team from a small PHO perspective
- Health Promotion working with Pacific Communities in the Horowhenua.
- The benefits of cardiac nurses in Otaki and Horowhenua communities and the cardiac clinic based in the Horowhenua Health Centre
- A case study of a Horowhenua PHO cardiac client

On behalf of the Board, the Chairman thanked the PHOs for their presentations. He noted the current national discussion regarding the future of PHOs, particularly small PHOs, and advised the DHB would continue to work with, and support, PHOs.

5. MINUTES OF PREVIOUS MEETING

5.1 Minutes

It was resolved:

that the minutes of the previous meeting held on 21 July 2009 be confirmed as a true and correct record.

5.2 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 21 July 2009 be received and the recommendations contained therein approved.

6.2 Matters Arising

There were no matters arising the minutes.

6.3 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 4 August 2009 be received and the recommendations contained therein approved.

6.4 Matters Arising

There were no matters arising the minutes.

6.5 Hospital Advisory Committee

It was resolved:

that the unconfirmed minutes of the meeting of the Hospital Advisory Committee held on 4 August 2009 be received and the recommendations contained therein approved.

6.6 Matters Arising

6.6.1 Financial Turnaround Plans

Costs associated with delays in implementing the financial turnaround plan were raised. The General Manager, MidCentral Health advised planning was synchronised to ensure best use of staff and other resources. The implementation was being done in a cost effective way.

6.6.2 Radiation Therapy Treatment Times

It was noted that the new target for radiation therapy treatment of four weeks would become effective in December 2010.

6.6.3 Medical Undergraduate Programme

The success of this programme was noted.

6.7 Enable New Zealand Governance Group

It was resolved:

that the unconfirmed minutes of the meeting of the Enable New Zealand Governance Group held on 4 August 2009 be received and the recommendations contained therein approved.

6.8 Matters Arising

There were no matters arising from the minutes.

7. STRATEGIC ISSUES

7.1 centralAlliance - Update

Members considered the joint workshop had been successful. The CEO advised that the proposed work programme was being considered from a clinical perspective on 19 August. Once this process was completed, management would submit the proposed road map to both Boards for formal endorsement.

It was noted that the Board Chairs and Deputy Chairs had been invited to participate in the clinical workshop scheduled for 19 August.

Dennis Emery advised the first meeting between the Boards' Iwi partners had occurred on 17 August. This was a successful preliminary meeting in terms of establishing a relationship. Further hui would occur.

The need for MidCentral DHB to address its issues of financial sustainability was raised, and concern that expressed that the centralAlliance initiative may take the focus away from such local issues. The challenge this presented was noted, together with the fact that the CEOs of both organisations were very aware of the need to ensure the roadmap was appropriately resourced and timed so it did not impact on achievement of each DHB's district annual plan. It was further noted that a lot of collaborative activity was already occurring between the two DHBs.

It was resolved:

that the report be received.

7.2 2010/11 District Annual Plan

The Board supported a special day-long strategic planning workshop to be held in October. The workshop to be held outside the Board and Committee meeting dates, and to include:

- health workforce, particularly the potential impact of current national health workforce papers on a collective basis

- the Hunn report
- the Horn report
- blue-skies thinking, specifically planning the DHB on a “clean slate” basis, and looking at new ways of doing things
- potential bottlenecks (risks) for primary care (as discussed at the Board’s Funding Audit Committee on 18 August)
- the Regional Clinical Services Plan, particularly the work done around forecasting the future
- a district-wide approach, ie not just limited to MDHB’s capacity and resources but use of other capacity, including private

An independent facilitator for the workshop was suggested, as well as a futurologist.

It was agreed that the outcome of the workshop be shared with Whanganui DHB through the centralAlliance process, and that WDHB attendance at a second strategy workshop be considered.

The CEO advised that management would prepare a proposal for the Board’s consideration in September.

It was resolved:

that the report be received, and the Board’s feedback be incorporated into the development of the 2009/10 planning timeline.

7.3 Capital Expenditure Planning

The affordability of future capital programmes was discussed. The Board agreed the asset management plan reinforced the fact that the DHB could not maintain the status quo in financial terms. Management must find operational cost savings. Achievement of the financial saving targets was critical to enable the DHB to maintain itself as a going concern, ie purchasing replacement equipment.

It was resolved:

that this report be received.

8. OPERATIONS REPORTS

8.1 CEO’s Report

8.1.1 Ministerial Advisory Group

The Horn report was discussed, together with the many other national reports which had been issued. The range of workforce reports was raised as an area of concern as there appeared to be no overall co-ordination of the matters raised, with the risk that some opportunities may be missed. It was noted that the Horn report recommended centralisation of workforce matters to one entity.

The CEO advised it was understood the Minister of Health was seeking feedback on the Horn report, but a formal consultation process would not be used. The Ministry of Health had recommended the DHB put forward their views within the next month. On this basis, the CEO advised he would be seeking members’ views for inclusion in a DHB response.

It was noted that DHB NZ was to provide a high level interpretation of all reports, and would be co-ordinating a collective DHB response. This analysis would look at how the reports aligned and any mis-matches between them.

It was agreed that the Horn report provided a positive conduit for positive change.

8.1.2 *Corporate Convergence*

The CEO advised some uncertainties had been raised regarding the future of this project given the Horn report and the Government's intention to move back-office functions to a national centre. Management had agreed that it would continue with the projects on a regional and sub-regional basis until it found it was inappropriate to do so.

8.1.3 *Health Management Services Consortium*

The CEO provided an update on this issue. The Horn report included a specific recommendation that the HMSC be contained to a patient management system only, ie a hospital system and not a health record covering the continuum of care. At this stage, the next steps were uncertain. Some members wish to challenge the Horn recommendation as they saw the HMSC was in line with the primary/secondary integration sought by Government. Others were supportive of continuing the project with the reduced scope.

The CEO reiterated that no decision had been made by MDHB. Management was still obtaining information, via the consortium initiative, to develop a business case for the Board's consideration.

It was suggested by one member that if the consortium approach stopped as a result of the Horn report, he would be supportive of the initiative proceeding with MidCentral, Wairarapa and Whanganui DHBs as originally mooted.

Ian Wilson advised the HMSC had been considered by the National Capital Committee of which he was a member. Given his involvement with MDHB he had withdrawn from the Committee's deliberations on this item.

8.1.4 *District and City Councils*

The CEO advised the meetings with the Mayor and CEO of Palmerston North City Council and Manawatu District Council had been very positive. Both Councils were very supportive of the DHB's endeavours and recognised the dilemmas facing MDHB.

Meetings with other Councils in the district were scheduled to take place over coming weeks.

8.1.5 *Annual Accounts*

The CEO advised that the DHB's assets were revalued every three years in accordance with good accounting practice. A revaluation had been completed for the year ended 30 June 2009. Total asset value had increased significantly, rising by \$26m. Land value had risen \$8m and buildings by \$18m. MDHB had assumed, in its budget, that the revaluation would be fiscally neutral given the general downturn in property values.

While asset valuation was a non-cash item it would impact the DHB's financial position by \$3.2m, with the increase in capital value attracting 8% capital charge of \$2m, and depreciation values rising by \$1.2m.

There was no additional funding to offset this cost increase. The Ministry of Health had been advised and their assistance sought. It was understood other DHBs were in the same position. The Minister of Health's view on the issue was unknown, and the Ministry was to test this.

The CEO advised that the valuation had been challenged and some amendments made. In respect of the annual accounts and year end financial result, he stated that the Board could decide not to include the revaluation. This would likely result in a qualified audit report and associated reputational damage.

It was agreed that MDHB should continue to push back on the valuation, and further develop justification for its position. If necessary, a peer review (second opinion) to be sought. The basis of valuation was discussed, and it was suggested that an optimised valuation basis, as used in the electricity sector, may be more appropriate given that in the event that MDHB had to rebuild it would not replicate current facilities as they were not 100% fit for purpose.

The CEO advised that in line with Government financial reporting requirements, MDHB was due to submit a Crown Funding Information Pack outlining the DHB's expected year end financial performance and position. This statement to be signed by the Chief Financial Officer, Chief Executive Officer, and Board Chair. The issue of how the revaluation was to be reflected would need to be addressed for these.

It was resolved:

that the report be received.

9. GOVERNANCE ISSUES

9.1 2009/10 Work Programme

It was resolved:

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

10. LATE ITEMS

There were no late items.

11. DATE OF NEXT MEETING

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

12. 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"> • <i>Community & Public Health Advisory Committee, 4 August 2009</i> • <i>Hospital Advisory Committee, 4 August 2009</i> • <i>Enable New Zealand Governance Group, 4 August 2009</i> 	<i>For the reasons set out in the Committee's order paper of 4.8.09 meeting held with the public present</i> <i>For the reasons set out in the Committee's order paper of 4.8.09 meeting held with the public present</i> <i>For the reasons set out in the Committee's order paper of 4.8.09 meeting held with the public present</i>	

4-8

<i>CEO's Report: RMO employment negotiations</i>	<i>Negotiating strategy</i>	<i>9(2)(j)</i>
<i>Contracts - Update</i>	<i>Commercially sensitive</i>	<i>9(2)(j)</i>

Confirmed this 15th day of September 2009.

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Chairman