

**MIDCENTRAL DISTRICT HEALTH BOARD**

Minutes of the MidCentral District Health Board meeting held on 15 September 2009 at 10.10 am at MidCentral District Health Board Offices, Board Room, Gate 2B, Heretaunga Street, Palmerston North

**PRESENT**

Ian Wilson (Chair)  
Diane Anderson  
Lindsay Burnell  
Ann Chapman

Jack Drummond  
Dennis Emery  
Stephen Paewai  
Barbara Robson

**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

Public (2)  
Media (1)

Opening the meeting, the Chairman acknowledged the resignation of Ormond Stock, Board Member. The Board recorded its appreciation of Ormond's contribution and work.

**1. APOLOGIES**

Apologies were received from Board Members Graeme Campbell (leave of absence) and Jim Jefferies. An apology for lateness was received from Lindsay Burnell.

**2. LATE ITEMS**

The Chairman requested a late item be considered, being Community & Public Health Advisory Committee Membership.

This matter had not been included in the agenda as Ormond Stock's resignation from the DHB's Board was received after the agenda had been distributed.

As CPHAC currently had one vacancy and a member of "leave of absence", it was considered prudent to make a further Board appointment to it on a temporary basis. CPHAC was scheduled to meet before the next Board meeting and so the decision could not be held over to the October Board meeting.

It was resolved:

*that "Community & Public Health Advisory Committee Membership" be accepted as a late item under Agenda Item 9.*

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

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

Dennis Emery advised his new role as Project Manager, Te Taiao O Raukawa Environmental Trust.

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

Stephen Paewai noted his conflict regarding the sentinel event discussed at the Hospital Advisory Committee in the confidential section of the meeting.

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

#### **4.1 Minutes**

It was resolved:

*that the minutes of the previous meeting held on 18 August 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 Funding Audit Sub-Committee**

It was resolved:

*that the unconfirmed minutes of the meeting of the Funding Audit Sub-Committee held on 18 August 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 1 September 2009 be received and the recommendations contained therein approved.*

#### **5.4 Matters Arising**

There were no matters arising from the minutes.

## 5.5 Hospital Advisory Committee

It was resolved:

*that the unconfirmed minutes of the meeting of the Hospital Advisory Committee held on 1 September 2009 be received and the recommendations contained therein approved.*

## 5.6 Matters Arising

### 5.6.1 Dannevirke Outpatient Service Review

Members Paewai and Anderson reported on the stakeholder meeting held in Dannevirke on 14 September. This had been attended by the DHB's management team and several local stakeholders. The meeting was very successful and resulted in a greater community understanding of the rationale behind the change. The meeting had also highlighted the positive work being done by the Dannevirke Health Shuttle. The members congratulated management on the work which had gone into the meeting.

### 5.6.2 Regional Cancer Treatment Service

It was agreed that the options paper being prepared for the Hospital Advisory Committee include general background information regarding the service, including:

- revenue by source
- factors which impact revenue, such as provision of more services to other DHBs
- expenses by category
- service units within the cost centre
- interdependencies with other services
- national pricing arrangements

### 5.6.3 Child & Adolescent Oral Health Service

It was agreed that a refresher paper be prepared for the Hospital Advisory Committee on the Child & Adolescent Oral Health Service project. The paper to cover:

- overview of the business case
- the number of mobile site pads which will be required
- the cost of mobile site pads, and details as to how this had been included in the business case
- how many mobile site pads currently existed and were these appropriate for the new mobile clinics
- whether the mobile clinics had disabled access
- how parents could find out where the clinics were located and how they would access these in the event their child had a toothache.

Members impressed upon management the need for clear and comprehensive community communication around this project.

## 6. STRATEGIC ISSUES

### 6.1 Ministerial Review Group's Report

The Chairman advised that the national meeting of DHB Chairs had confirmed a collective submission would be made on the Ministerial Review Group's report. The collective submission supported the establishment of a national body with the appropriate levels of authority. It had

also been agreed it was important that the implementation take along DHBs, the community and other relevant stakeholders.

The process for analysing and reporting on the submissions was questioned, and management advised it was unaware of what arrangements the Minister had put in place. However, it was likely to involve a range of officials and agencies.

The Board agreed that it should make a submission to the Minister of Health regarding the Ministerial Review Group's report.

Stephen Paewai recorded his interest as Chair, Tararua Primary Health Organisation. It was agreed that discussion around PHOs was of a general nature and should not preclude Mr Paewai from participating.

It was further agreed that the proposed key points form the basis of the submission, with the following additions/amendments:

#### *General*

- Additional point: It will be important to ensure transparency regarding what services will be provided locally, regionally and nationally so that the public has clear expectations, and the risk of any misunderstanding around "closer to home" is mitigated.
- Additional point: The development of a NHB is supported, and this organisation must have the authority to act in the best interests of all New Zealanders, within limited resources in a timely positive way.
- Additional point: Consumer involvement during planning and implementation will be important to ensure new models of care are patient focused.
- Additional sub-point re principles to be upheld during structural change: Structural change to be driven by the function improvements sought, and the cost-benefit of those improvements.
- Additional point: New boards and committees must be appropriately resourced, including their membership having the appropriate skills and capability. Membership of the NHB must comprise people who understand the DHB business. Their decision-making processes must also be publicly transparent. Together, these will assist in establishing public confidence in the new model.
- Additional point: Any devolution of funding must be adequately resourced.

#### *New Models of Care*

- New point: While recognising the importance of medical care, PHOs need to be multi-disciplinary to be successful. This also ensures alignment to the move from general practice to larger family health centres, and workforce strategies aimed at supporting GPs through new/enhanced roles of other professionals, eg nurse-led clinics. The PHO model, and funding arrangements, must be flexible to enable and support the multi-disciplinary approach.

#### *Improving Patient Safety & Quality of Care*

- New point: The establishment of a national quality agency is supported, as well as its direct reporting arrangement to the Minister of Health. It is important this agency remain at arms length from funders/providers.
- Amend point re the development of nationally defined standards and tools to include two further sentences: It is considered the development of standards needs to be aligned to regulatory and funding policy. This will ensure transparency around any gaps.

#### *Changing Service Configurations*

- Amend point re Enable New Zealand to reflect it also provided services to ACC, and that it provided inventory management services.
- Add new point regarding success of Allied Laundry Services Limited.

The Chairman thanked the management team for the work it had done in summarising the Ministerial Review Group's report and identifying the key issues.

It was resolved:

*that the report be received, and the Board's feedback incorporated into a submission to the Minister of Health.*

## **6.2 2010/11 Annual Planning Timeframe (and Strategic Workshop)**

The proposed strategic workshop outline was supported. The proposed additional Board/Committee workshops were also supported. The typographical errors in the table were noted; all workshops post December 2009 related to the year 2010.

The CEO advised that the proposed workshop date of 2 October suited only 50% of the Board. It was agreed that an alternative date of 16 October be tested with members. If this was not suitable, arrangements to revert back to the 2 October date.

It was resolved:

*that the report be received, and the 2010/11 timeline be approved.*

## **6.3 Manawhenua Hauora Minutes**

It was resolved:

*that the minutes be received.*

## **6.4 2008/09 Annual Report**

The General Manager, Corporate Services advised that the year end audit process had gone smoothly, and no significant issues had been identified by the auditors except the revaluation of assets, and, a difference between MDHB and the Ministry of Health over holding costs for Kimberley Centre. The latter had a value of around \$0.5m, and related to the costs MDHB would face in keeping Kimberley Centre maintained. It was MDHB's expectation that the Ministry of Health would reimburse these costs. The Ministry had indicated it had not accrued for these costs and was not in a position to pay. As such the auditors considered the matter to be an irreconcilable difference. However, it was not considered material but may appear in the schedule of difference between MDHB and auditors in the annual accounts. Management was continuing to negotiate this matter with the Ministry and this was supported by the Board. The CEO advised the contract in this regard included several variations, was time limited and had another extension. However, the issue was not the contract but the intention of payment.

In respect of the revaluation, the General Manager, Corporate Services advised this gave concern as it appeared insufficient attention had been given to the optimisation of buildings. As the Board wanted its balance sheet to reflect the true value of its assets, another firm had been engaged to do a further valuation. The firm had more experience in looking at buildings from a health delivery perspective and would provide its assessment by end September. The auditors were comfortable with this timeframe. The accounts would be finalised once the revaluation had been received and reviewed by the Board.

The annual report and audit had been considered by the Group Audit Committee. It had recommended that the letter of representation be signed once the revaluation issue was resolved and Appendix A – Schedule of Disclosure Deficiencies was finalised.

It was resolved:

*that the 2008/09 annual report be approved, subject to any feedback from the Board and Group Audit Committee being incorporated, and final audit approval;*

*that the Chair and Deputy Chair/Group Audit Chair be given delegated authority to approve any changes that are required to be made to the annual report;*

*that the Chair and Deputy Chair/ Group Audit Chair be authorised to sign the 2008/09 annual report on behalf of the Board;*

*that the Chairman and Deputy Chair/Group Audit Chair be authorised to sign the letter of representation in respect of the 2008/09 external audit on behalf of the Board.*

## **6.5 District Strategic Plan: Timeline**

The General Manager, Corporate Services advised that the strategic planning guidelines and timeline had yet to be issued by the Ministry of Health. Due to the legislative requirements on DHBs to review their strategic plans regularly, MDHB's auditors had raised the lack of progress as an issue. On their recommendation, the Group Audit Committee had agreed the DHB should formally write to the Ministry seeking clarification in this regard. It was understood that the Ministry was intending to set October 2010 as the DSP completion date.

It was noted that the General Managers, Planning & Funding were to develop a regional DSP timeline.

It was resolved:

*that the report be received.*

## **7. OPERATIONS REPORTS**

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

#### *7.1.1 centralAlliance*

The CEO advised some work had been done in progressing the alliance, however the DHB had to be cognisant of competing priorities. The Board noted that collaboration initiatives, such as the alliance, were a Ministerial priority and as such must continue to be a priority for MDHB.

Lindsay Burnell entered the meeting.

The Chair advised that with the resignation of Ormond Stock, he would be approaching Whanganui DHB's Chair to ensure the project continued.

#### *7.1.2 Financial Result*

The CEO noted that in line with the Community & Public Health Advisory Committee's request a full report on the financial situation for the quarter ended 30 September would be provided to the next Board meeting. This would include details of any remedial action required.

The CEO advised that the preliminary results for August showed an adverse variance of \$100,000 on a consolidated basis. This was an improvement over the previous month. On a divisional basis the results were different, with MCH's variance being \$1.2m adverse to budget and the Funding Division \$1.1m better than budget. The divisional position was largely due to the level of elective surgery delivered being less than budget.

The CEO advised that surgical capacity had been increased, and the bed configuration work had proved successful. Medical services were now managing within their allocation. On average

around 650 case-weighted discharges (CWDs) had to be delivered each month. In July, just over 500 CWDs had been produced, rising to 610 in August. Further work was being done in this area and would be reported to the Hospital Advisory Committee next month.

In response to a question, the General Manager, Corporate Services confirmed that the overdraft costs being experienced by MidCentral Health were unbudgeted.

### 7.1.3 Debt Profile

The CEO noted that a \$4.1m loan was due to mature in December. Management's recommendation to the Group Audit Committee that this be rolled over had been supported and would be submitted to the Board next month.

It was resolved:

*that the report be received.*

## 7.2 Associated Organisations

### 7.2.1 Technical Advisory Service Annual Update

Management advised that the new competencies required by TAS to undertake the regional clinical services planning work could be achieved. TAS was reducing its applied analysis function and these resources would be reallocated to regional work.

It was resolved:

*that the report be received;*

*that General Manager, Funding Division be appointed alternate Director ,TAS.*

### 7.2.2 Allied Laundry Service Annual Update

The Board noted Allied Laundry Services Limited's major goal for 2009/10 being achievement of Capital & Coast DHB's laundry contract. It was further noted that this contract would likely be contestable.

It was resolved:

*that the report be received.*

### 7.2.3 DHNBZ

Members noted that the key priorities being progressed by DHNBZ were reflected in the Ministerial Advisory Group report.

A correction to the report was noted. Ken Whelan was CEO, Capital & Coast DHB.

It was resolved:

*that the report be received.*

## 8. GOVERNANCE ISSUES

### 8.1 2009/10 Work Programme

It was resolved:

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

## **8.2 2010 Meeting Schedule**

The options presented for the 2010 meeting schedule were discussed and the status quo was supported.

It was resolved:

*that the Board's feedback on the Board/Committee meeting arrangements for 2010 be incorporated into the development of the 2010 meeting schedule.*

## **9. LATE ITEMS**

### **9.1 Community & Public Health Advisory Committee Membership**

The Chairman discussed the vacancy created on the Community & Public Health Advisory Committee following Ormond Stock's resignation. He noted that this Committee already had one vacancy and a member of leave. As such he considered it prudent to appoint another Board Member to this committee on a temporary basis. This situation would be reviewed once a new Board Member was appointed.

It was proposed that Barbara Robson serve on CPHAC, while retaining her membership of the Hospital Advisory Committee.

The Chair advised that both Member Robson and the CPHAC Chair were supportive of the proposed arrangement. He further noted that Mr Stock had also served on the Disability Support Advisory Committee and the Enable New Zealand Governance Group. It was considered that these committees could carry a vacancy for a short time.

It was recommended:

*that Barbara Robson be appointed to the Community & Public Health Advisory Committee on a temporary basis, effective immediately.*

## **10. DATE OF NEXT MEETING**

Tuesday, 20 October 2009, Eketahuna Golf Club Rooms, Macara Street, Eketahuna

Dennis Geddis left the meeting.

## **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, 1</i></li> </ul>	<i>For the reasons set out in the Committee's order paper of 1.9.09 meeting held with</i>	

<p><i>September 2009</i></p> <ul style="list-style-type: none"><li><i>Hospital Advisory Committee, 1 September 2009</i></li><li><i>Remuneration Committee: CEO's Performance and Salary Review</i></li></ul>	<p><i>the public present</i></p> <p><i>For the reasons set out in the Committee's order paper of 1.9.09 meeting held with the public present</i></p> <p><i>To protect personal privacy</i></p>	<p>9(2)(a)</p>
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Confirmed this 20<sup>th</sup> day of October 2009.

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Chairman