

## MIDCENTRAL DISTRICT HEALTH BOARD

Minutes of the MidCentral District Health Board meeting held on 20 April 2010 at 10.00 am at Manawatu District Council, 135 Manchester Street, Feilding

### **PRESENT**

Phil Sunderland (Chair)	Dennis Emery
Diane Anderson	Jim Jefferies
Lindsay Burnell	Stephen Paewai
Graeme Campbell	Barbara Robson
Ann Chapman	David Warburton
Jack Drummond	

### **IN ATTENDANCE**

Murray Georgel, Chief Executive Officer  
Mike Grant, General Manager, Funding Division (and Acting General Manager, Corporate Services)  
Heather Browning, General Manager, Enable New Zealand  
Jill Matthews, Principal Administration Officer  
Niki Michael, Communications Officer  
Jeff Small, Group Manager, Commercial Support Services  
Ken Clark, Medical Advisor (part meeting)  
Nicholas Glubb, Operations Director, Specialist Community & Regional Services (part meeting)  
Lyn Horgan, Operations Director, Hospital Services (part meeting)  
Muriel Hanratty, Director, Patient Safety & Clinical Effectiveness (part meeting)

Public (22)

Media (3)

The meeting opened with a karakia.

#### **1. APOLOGIES**

An apology for lateness was received from Lindsay Burnell.

#### **2. LATE ITEMS**

There were no late items.

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

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

There were no amendments to the Register of Interests.

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

The following conflicts were identified:

- Agenda item 15.3, Clevely Health Centre Proposal: Dennis Emery
- Agenda item 17.1, External Committee Appointment: Dennis Emery
- Agenda item 16.1, Financial Recovery Programme: Ann Chapman

#### 4. PUBLIC FORUM

Lindsay Burnell entered the meeting.

The following matters were raised by members of the public:

- Acknowledgement of the new and/or improved services established in the Horowhenua district by MidCentral DHB. These were having a positive impact on morbidity and mortality levels.
- The integral role played by the Horowhenua Health Centre, and the ongoing need for inpatient beds to support Horowhenua's ageing population. It was noted that while the Horowhenua district's population was not increasing, the number of people aged 65 years and over was increasing as was the number of people aged 85 years and over. Proposals to cut the Assessment, Treatment & Rehabilitation inpatient beds within the Centre were of grave concern.
- The Board was congratulated on the "Transforming Primary Health Services in MidCentral" business case put forward by the district's Primary Health Organisations. Implementation of the document as soon as possible was encouraged.
- The potential impact on services as a result of the proposed amalgamation of the district's four Primary Health Organisations was questioned, particularly any service reduction for the Manawatu area. The DHB's management reported that the PHOs intended to continue with current services delivered in the communities, unless there were any obvious duplications.
- Support for the continuation of rehabilitation services was raised by several speakers; some of whom questioned how the DHB would ensure people requiring access to intensive rehabilitation services would receive this care. It was suggested by one speaker that if services had to be reduced, the DHB should prioritise services for the young (including the young disabled) over the elderly.

DHB management advised responsibility for planning and purchasing rehabilitation services rested with the Ministry of Health. MDHB was a contracted provider. In the event that MDHB withdrew from the contract, the Ministry of Health would be responsible for ensuring access for local residents. MDHB would move into an advocacy role as it too would be seeking assurances around access. It was further noted that MDHB was seeking to increase the pricing for this service so it aligned to that paid for similar services elsewhere in New Zealand.

- MDHB's plans, if any, to privatise services was questioned. MDHB management advised that through the "Transforming Primary Health Services in MidCentral" business case, issues around integrating district nursing services and PHOs were to be explored in line with the principles of "better, sooner, more convenient primary health care". Outside of that, there were no plans to privatise any service.
- MDHB's plans, if any, to establish community trusts was questioned. MDHB management advised it had no plans to establish community trusts at this point in time. It noted that the PHOs' planned amalgamation may result in a community trust model.

- The “Transforming Primary Health Services” business case was discussed. MDHB management advised the DHB had provided agreement in principle for the business case and the concept and future direction outlined within it. Any significant service developments required DHB consideration and approval.
- The DHB confirmed that its 24-hour district nursing service was being considered later in the meeting. In considering this service the DHB would take into account the flow-on impact of any changes, including the human impact.

The Board Chair advised that the DHB had established robust processes around these matters and community feedback would be taken into account. The Board’s decision would be advised as soon as possible, and would occur within the current week.

- A member of the Whanganui Primary Health Organisation’s Community Advisory Group questioned if MidCentral and Whanganui DHBs had discussed the possibility of their respective PHOs joining. MDHB management advised a formal alliance existed between the two DHBs to work closer together to improve services provided in their combined areas, and work was underway in this regard. In respect of PHO collaboration, that decision rested with those bodies.
- Access to services provided by another DHB was discussed, specifically around the Bulls community who sometimes chose to access MidCentral DHB’s services rather than those from Whanganui DHB. MDHB management advised a formal arrangement was in place throughout New Zealand to ensure DHBs providing services to people from another DHB area were compensated. This was called “inter district flows”. However, a specific DHB may reduce access for out-of-district people when it had restricted capacity.

The CEO advised it was also important to be mindful of sustainability issues. If a large proportion of people chose to access services elsewhere, the local DHB’s sustainability may be impacted.

- The human consequence of changes to health services, such as services being considered by the DHB, was raised. The Chairman confirmed this formed part of the Board’s deliberations.

## **5. MINUTES OF PREVIOUS MEETING**

### **5.1 Minutes**

It was resolved:

*that the minutes of the previous meeting held on 16 March 2010 be confirmed as a true and correct record.*

### **5.2 Matters Arising from the Minutes**

#### **5.2.1 Access to Wairarapa DHB**

Member Diane Anderson reported she had heard from a local GP that Eketahuna residents were again able to access services in Wairarapa.

## **6. BOARD COMMITTEES**

### **6.1 Group Audit Committee**

It was resolved:

*that the unconfirmed minutes of the meeting of the Group Audit Committee held on 16 March 2010 be received and the recommendations contained therein approved.*

### **6.2 Matters Arising**

There were no matters arising from 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 6 April 2010 be received and the recommendations contained therein approved.*

### **6.4 Matters Arising**

#### **6.4.1 Maori Community Action Plan Fund**

The General Manager, Funding Division advised this fund was currently being evaluated and a report would be provided to CPHAC in due course as per its work programme.

### **6.5 Hospital Advisory Committee**

It was resolved:

*that the unconfirmed minutes of the meeting of the Hospital Advisory Committee held on 6 April 2010 be received and the recommendations contained therein approved.*

### **6.6 Matters Arising**

#### **6.6.1 Herceptin Costs**

The CEO confirmed that clarification around Herceptin costs would be reported to the Hospital Advisory Committee.

## **7. STRATEGIC ISSUES**

### **7.1 District Strategic Plan**

It was resolved:

*that the report be received.*

### **7.2 Manawhenua Hauora**

It was resolved:

*that the minutes be received.*

## **8. OPERATIONS REPORTS**

### **8.1 CEO's Report**

#### *8.1.1 National Health Committee*

The Government's plans to reconfigure and strengthen the National Health Committee so that it could evaluate and prioritise new, and a selection of existing, technologies and interventions was noted.

Ken Clark entered the meeting.

A member noted that the Health Select Committee's inquiry into the rules around clinical trials with the intention of supporting innovation appeared to recognise the economic aspect of such trials but miss this prioritisation process.

#### *8.1.2 Shared Services Establishment Board*

Clarification around collaborative procurement activities and the Shared Services Establishment Board (SSEB) was sought by a member.

The CEO advised collaboration, particularly around back-office and support functions, was occurring at many levels, including national, regional, sub-regional and local. With the established of the Shared Services Establishment Board it may be that some of the procurement activity previously undertaken by DHBNZ would move to the new entity.

The CEO advised that prior to the SSEB, collaborative activities were undertaken on a voluntary basis. The established of the SSEB provided some formality and power to progress collaborative procurement activities.

Lyn Horgan, Nicholas Glubb and Muriel Hanratty entered the meeting.

#### *8.1.3 DHBNZ Update*

The CEO advised that the \$45m savings being targeted through DHBNZ collective procurement activities was included in DHBs' budgets.

#### *8.1.4 Whanau Ora Report*

The recently released Whanau Ora Report was discussed and members' noted that the impact and connection for health would not be known for some time.

#### *8.1.5 Combined Forum for Central District's DHBs' Board Members*

The forthcoming combined forum to be held on 3 May 2010 was noted. The CEO advised that the agenda was being circulated to members.

#### *8.1.6 National Health Targets*

The Chairman advised that the results for March were positive.

#### *8.1.7 Health Select Committee*

Management confirmed that the additional questions received from the Health Select Committee relating to the centralAlliance had also been asked of Whanganui DHB. MidCentral DHB had shared its responses with Whanganui DHB.

### *8.1.8 Financial Position, March 2010*

The CEO advised that the preliminary results for March were positive to forecast by around \$500,000. The majority of this favourable variance was a timing issue, with a small portion being of a permanent nature.

It was noted that the variance in expenditure equated to around 1% of total expenditure.

### *8.1.9 Funding for Assessment Management Plan*

The alignment of the DHB's term deposits with the cash flow requirements of the capital expenditure plan was raised by a member.

Management advised that a paper was being prepared for the Board's consideration on repayment of loans. This paper would be expanded to include the alignment of funds to the asset management plan.

### *8.1.10 Revaluation of Land and Buildings*

Management advised that this work was nearing completion and the consultant's report was expected by 30 May 2010.

### *8.1.11 Investments*

Further detail regarding MDHB's investments and the process used for re-investments was sought. It was noted that the four fixed term investments had expired Management advised this process was managed within the DHB's Treasury Policy and further details would be provided next month.

It was resolved:

*that the report be received.*

## **8.2 Allied Laundry Services Limited' Shareholder Agreement**

The CEO presented Allied Laundry Services Limited's proposal for a reduction in the return on shareholders' funds and the ability to retain some or all of any surplus generated.

Phil Sunderland declared his interest – his legal firm provided services to ALSL. Fitzherbert Rowe had put processes in place to ensure Mr Sunderland was not involved with this client.

Management confirmed that a similar proposal had been submitted to the other four shareholding DHBs. In the event that one or more shareholder did not support the proposal, the provisions of the Shareholders' Constitution would be enacted. Exact details of the constitution in this regard were not known.

The CEO confirmed that ALSL's plans for expansion were focused on the health industry. He further advised that at this point in time Palmerston North was the operating site. Any proposals for relocating services as a result of business expansion would need to be considered on its merits.

The financial impact of the proposal on MDHB was not considered material, and would enable ALSL to invest in its business. It was noted that under the current Shareholders' Agreement, ALSL was not allowed to retain some or all of any surplus generated for reinvestment and had borrowed funds for capital projects. It has reached its borrowing capacity.

It was resolved:

*that MidCentral District Health Board, being a shareholder of Allied Laundry Services Limited resolve to:*

- a) *approve the amendments to clause 4.3 and 4.7 of the 31 December 2003 Shareholders' Agreement, such amendments as detailed in the annexed Schedule C of management's report dated 7 April 2010; and,*
- b) *sign such document as is necessary to give effect to such amendments.*

## **9. GOVERNANCE ISSUES**

### **9.1 2010 DHB Elections**

It was resolved:

*that the report be received.*

### **9.2 2009/10 Work Programme**

It was resolved:

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

### **9.3 Chair Cover**

It was noted that the Group Audit Chair would be in New Zealand during the period in question and that the Board Chair was contactable by telephone and email.

It was resolved:

*that the Group Audit Chair cover Board Chair duties during the period 29 April to 2 May 2010 inclusive.*

## **10. LATE ITEMS**

There were no late items.

## **11. DATE OF NEXT MEETING**

Tuesday, 18 May 2010, Horowhenua District Council, 126 Oxford Street, Levin

## **12. EXCLUSION OF PUBLIC**

In putting the recommendation to exclude the public, the Chairman acknowledged the public interest in the Financial Recovery Programme, particularly any service impact. He advised that any decisions would be advised as soon as possible and there would be engagement with the public and staff.

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, 6 April 2010</i></li> <li>• <i>Hospital Advisory Committee, 6 April 2010</i></li> </ul>	<i>For the reasons set out in the Committee's order paper of 6.4.10 meeting held with the public present</i>  <i>For the reasons set out in the Committee's order paper of 6.4.10 meeting held with the public present</i>	
<i>Strategic Issues:</i> <ul style="list-style-type: none"> <li>• <i>2010/11 District Annual Plan &amp; Statement of Intent</i></li> <li>• <i>centralAlliance: Commercial Support Service Tender</i></li> <li>• <i>Clevely Health Centre Proposal</i></li> </ul>	<i>Under negotiation</i>	<i>9(2)(j)</i>
<i>Operational Issues</i> <ul style="list-style-type: none"> <li>• <i>Financial Recovery Programme</i></li> </ul>	<i>Under negotiation</i>	<i>9(2)(j)</i>
<i>Governance Issues</i> <ul style="list-style-type: none"> <li>• <i>External Committee Appointment</i></li> </ul>	<i>To protect personal privacy</i>	<i>9(2)(a)</i>

Diane Anderson left the meeting.

Confirmed this 18<sup>th</sup> day of May 2010.

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Chairman