

Minutes of the Meeting of the Members of the  
Counties Manukau District Health Board  
Held in the Conference Room, Manukau SuperClinic™  
Cnr Browns Road and Gt. South Road, Manurewa  
On Tuesday 11<sup>th</sup> September 2001 at 1.00pm

Present: Mr Ross Keenan (Chair), Dr Peter Jansen (Deputy Chair), Prof. Gregor Coster, Mrs Metua Faasisila, Mr Wayne McLean, Dr Debbie Ryan, Prof. Sir John Scott, Mr Geoff Wales

In attendance: Mr David Clarke, Mr Chris Mules, Mr Alistair Burry (Secretary, in place of Mr Ron Pearson)

Apologies: Ron Pearson

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### 1. Welcome

The Chair, Mr Ross Keenan, welcomed the Board and observers to the 8<sup>th</sup> public meeting of the Counties Manukau District Health Board, noting that there were two members of the public and one media representative in attendance.

### 2. Apologies

Apologies were received from Mr Ron Pearson.

### 3. Ratification of Previous Minutes

The minutes of the previous Board meeting of the Counties Manukau District Health Board held on Tuesday 14<sup>th</sup> August 2001, having been circulated, were taken as read and confirmed, subject to the following corrections:

> Under 7.1 Community & Public Health Advisory Committee, the action taken by the Board on the two recommendations from the committee, shown in bold type, should read: **“After due consideration the Board resolved and approved the CPHAC committee recommendation ...”**

> Under 11.1 Property Update, on the third line, the words *“a irrevocably”* should be replaced with *“an irrevocable”*.

**This recommendation was moved by Prof. Coster, seconded by Dr Ryan and approved by Board members.**

### 4. Matters Arising

Mr Clarke advised that a paper on Waiting List funding would be presented to the next meeting of the HAC committee.

## **5. Procedural Issues**

### **5.1 Deputations**

There were no deputations from the public.

### **5.2 Disclosure of Interest**

The Register of Conflict of Interest was made available for review at the Board meeting. There were no additional declarations of Conflicts of Interest relative to the agenda.

## **6. Chief Executive Officer's Monthly Report**

### **6.1 Press Release from Warren Kyd, MP for Hunua**

Mr Clarke drew the Board's attention to a Press Release dated September 7 2001 issued by the MP for Hunua, suggesting that the Board was about to close the Papakura Maternity hospital. The release contained unhelpful, emotive and factually incorrect statements. Mr Clarke is discussing the release with the local media, clarifying the situation. The Board expressed their concern at this type of uninformed public comment and supported the Chief Executive in his effort to correct the misinformation.

### **6.2 Key Issues**

Mr David Clarke spoke to his report covering the key issues as detailed.

#### **a) Annual Plan / Budget Update**

Representatives from the Ministry of Health and Treasury met with management earlier in the day. They advised that the deficit of \$18.3m in the Budget submitted by CMDHB is not acceptable to them and they seek suggestions from management as to how it could be reduced. It has been explained to them that to achieve an improvement will require a reduction in service delivery.

The representatives were reminded that \$8.4m was required for the construction of the second wing of the Adult Medical Centre, and that a decision on funding for this was needed by the first week of October to avoid cost penalties. Decisions on the funding of \$2m for the proposed new Neonatal unit and approximately \$3m for the National Burns unit (with operational costs of \$3m) were needed by the first week of December.

However, the requested \$7m for the completion and fit-out of the 4<sup>th</sup> floor of the first wing of the AMC was not now critical for winter 2002.

The officials were advised that without further equity injections, it was likely that banking covenants would be breached in February/March 2002. They acknowledged that there was a need to prevent the breach occurring. Mr Clarke advised the Board that \$40m of further equity was required to reduce the debt/equity ratio to 2.5/1 plus \$50m to achieve 1/1.

Negotiations continue with the Crown. In the meantime, fiscal frugality is being exercised with capital expenditure being approved at a high level.

Dismay was expressed to the government officials over the decision by the Ministry to increase remuneration to independent midwives by 8.5%. The serious consequences of this action in terms of the flow on impact on all future wage negotiations were outlined.

### **b) Going Concern/Letter of Comfort/Crown Funding Agreement**

The letter dated 30 August 2001 received from the Ministry had been circulated to the Board. The letter clarified the Ministry's position in support of the Board and sought the Board's agreement to sign the Crown Funding Agreement.

The Board accepted the letter. **After due consideration the Board resolved to sign the Crown Funding Agreement, subject to the funding requirements outlined above** (moved Dr Jansen / seconded Prof. Coster). **The Board duly authorised the resolution.**

Mr Chris Mules referred to the Update on Crown Funding Agreement (CFA) paper in the Board papers and advised that under the heading "Outstanding or unresolved issues", the requirement regarding the development of a capitation model was no longer an issue.

The Reporting Requirements under the CFA were included in the papers. Prof. Coster offered to send a template to assist the Chair with the Board assessment requirements.

### **c) Accountability Indicators**

The Board agreed to the recommendations in the Board papers for adoption of an Accountability Indicator Set, subject to the following comments:

- The indicators in Appendix One only would be adopted.
- Indicators on the vaccination of children are to be added to the Balanced Scorecard.
- In future, indicators for Integrated Care should be included.
- The Board drew attention to the importance of improving relations between the Primary and Secondary areas of the Health sector in the Counties Manukau district. Dr Ryan advised that the Manukau Polytechnic was in a good position to provide leadership on this issue.
- Mr McLean noted that there should be an ability to link the indicators to the Board's responsibilities and priorities (e.g. health gain for the region).
- The Board felt that the menu of indicators to select from was weighted too heavily to the Provider activities and not enough to the Community and Funder. Prof. Coster suggested that the CPHAC committee could develop suitable indicators and submit them to the Ministry.
- It was clarified that "Provider" referred to South Auckland Health and that Primary providers were "non DHB owned providers".

### **d) Population Based Funding**

Management reported that a meeting (attended by Prof. Coster) had been held with the Minister and Ministry. The quantum of unmet need has been estimated at \$50m. There was a good hearing from the Ministry and Gary Jackson is working with them on this matter.

### **e) Intensive Home Care Visiting**

A programme to provide Home Care visiting is being proposed, which would reduce the need for patients to remain in hospital. The cost is estimated at \$3m to be funded by the Ministry. Debbie Sorensen is to provide an update at the next Board meeting.

#### **f) Interim Privacy Group**

The Board addressed the paper prepared by Elisabeth Harding, dealing with the formation of a Group to oversee the safe management of Health Information in Integration projects.

Dr Peter Jansen declared an interest through his university involvement and abstained from voting.

**After due consideration the Board resolved to approve the terms of reference for the Privacy Group** (moved Prof. Coster / seconded Prof. Sir John Scott). **The Board duly authorised the resolution.** Ms Harding was thanked for the paper.

#### **7. Presentation: Well Child Group Otara**

The General Manger – Maori Health, Thomas Maniapoto, presented to the meeting a report on the Well Child Group Otara project.

A pilot trial had been conducted in Otara over 6 months covering 620 new born babies. Of these 20% were not eligible due to movement from the area. The survey monitored immunisation rates and Well Child checks. It found that the average immunisation rate was 91%, whereas previous data had indicated 55%. The Well Child check rate was 92%. Variations by ethnic group were outlined to the Board.

The project had cost \$330,000, with much of this being in the establishment of monitoring systems. The future programme is to develop the roll out strategy and extend it to cover Papakura and Franklin districts.

Mr Maniapoto was congratulated by the Board on this successful initiative.

#### **8. Presentation: IT Diabetes**

A presentation was made to the Board by Dr Gary Sinclair and Mr Ian Rowe (from IS) on a computer programme which they had developed to enable GP's and hospital clinicians to manage the treatment of patients suffering from diabetes.

It was found that following checks made on patients after 3 months, that 61% had achieved a reduction in their HbA1c levels.

The Board congratulated Dr Sinclair and Mr Rowe on the success of their project.

**The Board resolved** (moved Mrs Metua Faasisila / seconded Mr Ross Keenan) **that the public be excluded from the discussion on commercially sensitive items, being the next item on Risk Register and a Capital Expenditure item to be taken at the end of the meeting. The motion was carried unanimously.**

#### **10. Risk Register**

**At the conclusion of this item, the public were readmitted to the meeting.**

## **6. CEO's Report Continued**

### **6.2 Key Issues Continued**

#### **i) Vision & Values**

Mr Clarke advised that management had reconsidered the existing Vision and Values statements previously adopted by the Board in light of the expanded responsibilities of the Board and the impending completion of the Facilities Modernisation Project.

New drafts of both the Vision and the Values statements were considered by the Board and adopted, subject to a revision to be made to the second paragraph of the Vision statement to reflect that the Board is providing services not only through the hospital arm.

#### **j) Kidz First Appeal**

The initial public fundraising appeal for the Kidz First burns unit had been very successful with \$150,000 raised against the target of \$120,000. This will enable additional equipment to be purchased.

#### **l) Organisation Structure**

An updated organisation structure was included in the papers for the information of the Board.

#### **m) Major Burns**

Mr Clarke advised that he was continuing to work with the Ministry to improve funding for the very expensive major burns. It was hoped that the Ministry would agree to the establishment and funding of a National Burns unit at Middlemore. Mr Clarke will provide a further update at the next meeting.

### **6.3 Planning and Funding**

Mr Chris Mules updated the Board on the following matters:

#### **a) Contract Devolution**

The second Order in Council will devolve 49 contracts to CMDHB effective from 1 October 2001. Maternity contracts will not pass over until July 2002. Issues remain with the management of National contracts and with "draft" contracts which are in various stages of finalisation.

However, in the interim, providers are being paid.

#### **b) Funding Gap**

A funding gap of approx. \$80m exists for 2001/02 over the total sector, in respect of the Primary contracts. This is still being addressed with the Ministry.

#### **c) Capitation Project**

The Ministry now supports the project.

### **6.4 Performance**

The Board congratulated management for coping well with the high volumes experienced over winter.

## 6.5 Financial

The first information on the Funder arm were reviewed by the Board. It was noted that there was an expected shortfall of nearly \$4m between the revenue from the Ministry and the anticipated payments to the Primary providers. Mr Clarke advised that the expected net loss to CMDHB would only be approx. \$1m due to the agreement on loss sharing between the Ministry and DHB's. However, even this loss should not ultimately be borne by CMDHB, although the mechanics of this have yet to be finalised with the Ministry.

The financial results for CMDHB, excluding the funding of the Primary sector, were also reviewed and the overall favourable variance of \$20,000 was noted.

In reviewing the Treasury report, Mr Burry was requested to provide for the next meeting a summary of the interest rate hedging policy and to show the percentage of debt hedged.

## 6.6 Facilities Modernisation Project

The FMP report was taken as read and it was noted that the projects remained on time and within budget.

## 6.7 Integrated Care

The Strategic Initiative Report as submitted was noted.

## 6.8 Information Services Programme

The August IS report as submitted was noted.

## 9. Capital Expenditure

After due consideration of the requests -

- **the Board resolved** (moved Mr Keenan/ seconded Prof. Coster) **that the Capital Expenditure Request for \$205,000 for Web Portal Infrastructure be approved.** This replaces the approval for \$2,240,000 approved by the Board at the May 2001 meeting.
- **the Board resolved** (moved Mr Keenan/ seconded Prof. Coster) **that the Capital Expenditure Request for \$501,000 for a Disk Storage and Backup Management System be approved.** The Board noted that this request was a replacement for the approvals of \$720,000 for a Disk Storage Management System and \$350,000 for a Data Backup and Restore System given by the Board at its May 2001 meeting. Management was authorised to approve any additional expenditure in this crucial area, within the originally approved authorities.
- **the Board resolved** (moved Mr Wales / seconded Dr Jansen) **that the Capital Expenditure Request for \$886,000 for Radiology, Ultrasound and Laboratory Expansion at Manukau be approved.**
- **the Board resolved** (moved Dr Jansen / seconded Prof. Sir John Scott) **that the Capital Expenditure Request for \$223,000 for Call Centre Expansion at Manukau be approved.**

- **The Board resolved** (moved Mr Wales / seconded Prof. Sir John Scott) **that the Capital Expenditure Request for \$420,000 for stage 1 of the OneStaff™/Payroll Interface Project be approved.**

**The Board duly approved all five requests for Capital Expenditure.**

**The Board also resolved** (moved Mr Wales / seconded Mrs Faasisila) **to approve the execution of the Deed of Renewal with Telecom Mobile Limited. The Board duly authorised the resolution.**

#### **11. Committee Representation – Terms of Appointment**

The Chair outlined the unclear position with respect to the terms of appointment for members of the Board committees who were not also members of the Board. Currently it appears that these people are only appointed on a month by month basis.

**After due consideration the Board resolved** (moved Mr Keenan / seconded Dr Jansen) **that future appointees to Board committees, who are not members of the Board, will be appointed for 12 months from their date of appointment.**

**The Board also resolved** (moved Prof. Coster / seconded Dr Jansen) **that existing committee members, who were not members of the Board, would be confirmed as appointed for 12 months effective from their date of appointment.**

**The Board duly authorised both resolutions.**

Committee Chairs were asked by Mr Keenan to confirm that there was proper and adequate committee membership given some recent resignations. New appointments should be made where appropriate. Proposals for new committee members should be submitted to the next Board meeting for approval.

#### **12. Working Parties' Reports**

##### **12.1 Hospital Advisory Committee**

The report by Mr Wales (Chair) and minutes of the meeting of the HAC committee of 5<sup>th</sup> September 2001 were noted.

Following discussion of his report, Mr Wales left the meeting for another commitment.

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

The report by Prof Gregor Coster (Chair) and minutes of the meeting of the CPHAC committee of 28 August 2001 were noted. The Board considered the proposed Terms of Reference for the committee and agreed that CHPAC should overview all funding activities of the Board.

**The Board resolved** (moved Mrs Faasisila / seconded Dr Ryan) **that the Board approve the Terms of Reference for the Community and Public Health Advisory Committee, subject to the above change. The Board duly approved the resolution.**

### **12.3 Disability Support Advisory Committee**

The Board accepted the recommendations in the paper submitted by Mrs Faasisila (Chair). The Board acknowledged that appropriate resources need to be put in place to support the committee.

Mrs Faasisila also advised that the next meeting of the Regional Working Parties (of the DiSAC committees of the respective Boards) was to be held on September 20. The meeting is being organised by the Ministry of Health Disability Team local office.

### **12.4 Pacific Health Advisory**

The Board noted the report by Dr Debbie Ryan (Chair) and minutes of the meeting of the committee held on 6<sup>th</sup> September 2001. Dr Ryan left the meeting following the presentation of her report, for another commitment.

### **12.5 Treaty Relationships Advisory Committee**

Mr McLean (Chair) updated the Board on progress on the formation of the committee. The draft terms of reference (Memorandum of Engagement) had been submitted to the Board previously and referred for legal advice. Some amendments have been suggest to align the intent of the Memorandum with the District Health Board's legislative and policy mandate. The names of prospective committee members are to be submitted to the Board Chair shortly. A meeting is to be held Friday September 14.

## **13. General Items**

### **13.1 DHB Elections**

The Board noted that there were 75 candidates for the 7 seats on the Board. The elections are being conducted by the Manukau City Council on behalf of the Board.

### **13.2 Achievement Register**

Items noted at today's meeting of the Board to be included in the Achievements Register are:

- The Well Child Group Otara project
- The IT Diabetes project
- Opening of Adult Medical Centre, including the first Stroke unit in NZ.

### **13.3 Shared Services**

The appointment of Andrew Norton as the healthAlliance General Manager HR has been announced.

**The public were excluded from the meeting at this point, as resolved by the Board earlier in the meeting.**

## **9. Capital Expenditure Continued**

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#### **14. Next Meeting**

The next Board meeting will be held on Tuesday 9<sup>th</sup> October at 1.00pm at 19 Lambie Drive, Manukau City.

There being no further business the meeting concluded at 5.05pm.

Signed as a true and correct record on the ..... day of ..... 2001.

Chair: .....  
Ross B Keenan

Recommendation (moved ...../ seconded .....)

The minutes of the meeting of Counties Manukau District Health Board of 11<sup>th</sup> September 2001 be approved.