

**Minutes
of
Previous Meeting**

WAIKATO DISTRICT HEALTH BOARD
Minutes of the Board
held on Wednesday 8 July 2009
commencing at 9.30am

Present: Mr G Milne (Chair)
Ms S Christie
Mr G Chesterman
Mrs P Karalus
Ms G Raumati
Dr S Vatsyayann

In Attendance: Mr C Climo (Chief Executive)
Mr N Hablous (Director of Board Governance)
Mr B Paradine (GM: Planning & Funding)
Mr I Wolstencroft (Project Director: SCR)
Mrs J Adams (Chief Operating Officer)
Mrs MA Gill (Director of Media & Communications)
Ms M Chrystall (Acting Chief Financial Officer)
Ms F McCarthy (GM: Human Resources)
Dr T Watson (Chief Medical Advisor)
Ms S Hayward (Director of Nursing and Midwifery)
Mrs D Straiton (Minute Secretary)

ITEM 1: APOLOGIES

That the apologies from Mr T Armstrong, Mrs Dr J Havill, P Mahood and Mr H Mikaere be sustained.

ITEM 2: LATE ITEMS

There were no items under this heading.

ITEM 3: MINUTES OF PREVIOUS MEETING – 10 JUNE 2009

**Resolved
THAT**

The part of the minutes of a meeting of the Waikato District Health Board held on 10 June 2009 taken with the public present be confirmed as a true and correct record.

ITEM 4: MATTERS ARISING FROM PREVIOUS MINUTES AND ACTION LIST

No issues arose.

ITEM 5: INTERESTS

5.1 Schedule of Interests

There were no changes to the register of interests.

5.2 Interests Related To Items On the Agenda

No conflicts were foreshadowed in respect of items on the current agenda but there would be an opportunity at the beginning of each item for members to declare conflicts of interest.

ITEM 6: FINANCE

The financial statements for the month to 31 May 2009 were considered.

Noted:

- The year to date overall result recorded a surplus of \$2.9M
- The Funder-arm recorded a year to date surplus of \$21.7M.
- The Provider-arm recorded a year to date deficit of \$19.9M.
- It is possible more write offs will occur by the end of year however these will be non-cash.

Resolved

THAT

The financial statements of the Waikato DHB for the month ended 31 May 2009 be received.

ITEM 7: THE PLAN – SAVINGS AND REDUCING PROJECT ACTIVITY

Due to a change in the financial performance of Waikato DHB, a targeted savings programme has commenced for the organisation. \$40M in cash savings has been targeted and a draft list of potential items has been prepared for Board consideration.

The savings programme will be reported to the Board each month.

It is very clear that Ministry funding in subsequent years will be lower than this year and management sees this as an opportunity to get fit for those out-years.

Linked to the savings programme and a sense of being over committed, a process to slow down the pace and number of projects is underway so the organisation can focus on business as usual activities.

A proposed list is being developed with priority given to:

- Service and campus redevelopment
- Cash savings
- Efficiencies and quality/process improvements
- Health targets.

This list will be provided to the August Board meeting.

Resolved

THAT

The report be received.

ITEM 8: TOWARD2020

A report was submitted to the Board on progress with regard to producing the Toward2020 plan.

The major building components of a Toward2020 plan are either in train or quite some years out. This is a large piece of work to be undertaken and although progress is slow, pushing the timeframe out will assist in reducing the burden of workload the organisation is facing.

Resolved

THAT

The Board:

1. Receives the report.
2. Notes July 2010 as the revised date for producing the Toward2020 plan.

ITEM 9: LONG TERM FINANCIAL MODEL

The long term financial model was submitted to the Board for consideration, including an interpretation guide. The model covers a 20 year period consisting of:

- Assumptions
- Capital expenditure
- Income and expenditure
- Balance sheet
- Cashflow.

The model will be updated whenever the forecast result, capital intentions and general assumptions change.

It was noted that:

- The assumptions are significant, particularly that cost increases = revenue increases; and the % rate of financial costs.
- The organisation will have to keep costs within its revenue.

- The DHB cannot exceed its loan facilities and to do so must adopt a “pay as you go” approach.
- The model provides for all new demographic monies to be spent on services.
- The model will be submitted to the Board annually and when major capital requests are made.

Resolved

THAT

The report be received.

ITEM 10: EXTERNAL FUNDING FOR CAMPUS REDEVELOPMENT

A paper on finance facilities for Campus redevelopment was submitted for Board approval.

Resolved

THAT

The Board:

1. Receives this report and agrees to contesting the \$22M private debt facility.
2. Approves the swap of equity for debt, of the \$40M equity to be returned (previously repaid by the Board).
3. Notes that management will report again on both matters with a view to the Board approving the final arrangements.

ITEM 11: DISTRICT ANNUAL PLAN (DAP) 2009/10

The final draft of the district annual plan (2009/10) was submitted for Board approval, including a summary of changes made to the DAP from the previous version reviewed by members.

As advised to the Board recently, through email communication from the Chief Executive, the planned surplus for 2009/10 has been reduced from \$20M to \$10M due to the unfavourable performance of Health Waikato. The plan now reflects this position and a table summarising feedback from members and further changes made to the plan was provided.

The plan has been submitted to the Minister on the basis that it is subject to Board approval.

The involvement of the Board in future planning processes and activities is important given the plan is the Board's commitment to the Minister of what it will deliver for the next 12 months. Management will provide an overview of the planning cycle at the next meeting for Board consideration.

An update on the development of a Midland regional clinical services plan was provided to the Board. A regional services planner has been appointed to produce this plan; the first part being to identify and action vulnerable services for the region.

Resolved

THAT

1. The Board approves the District Annual Plan 2009/10.
2. An overview of the DHB's planning cycle be presented at the August Board meeting.

ITEM 12: STATEMENT OF INTENT 2009/10

The statement of intent is developed from, and largely summarises, the district annual plan.

Resolved

THAT

The Board approves the Waikato DHB statement of intent for 2009/10.

ITEM 13: CAPITAL PLANNING

A document summarising the DHB's capital spend and financing was presented at the meeting as information.

13.1 Capital Plan

The capital plan for 2009/10 was submitted for Board information. This plan outlines:

- The proposed budget by major expenditure category.
- Funding baseline capex.
- Changes to the capital budget as a result of policy change to minor capital purchases.

A list of over \$20k capital items will be provided to the August Board meeting.

Resolved

THAT

The report be received.

13.2 Campus Redevelopment – additional scope not previously budgeted

A list of all campus redevelopment capital items that require additional funding was provided to the Board for consideration. The exception to this being a provisional sum of \$6.5M for the Waikato Clinical Centre atrium.

The requests relate to the acute hub (beds over ED), Waikato Clinical Centre and theatres.

All items are included in the 2009/10 district annual plan and the long term financial modelling.

Acute Hub

Approval was sought for \$2.195M of capital expenditure, consisting of:

- Atrium \$0.91M
- Stairs and lift \$0.71M

- Enclosure \$0.26M
- Patient lifting track \$0.23M
- Medical Records \$0.4M

Plus fees of \$0.15M and contingency \$0.13M, less an offset of \$0.6M from the original budget.

Resolved

THAT

The Board:

1. Received the report.
2. Approved the scope changes to the Acute hub (Beds over ED) project at a total capital cost of \$2.195M as outlined in the report.
3. Notes it is budgeted and that funding will be internal or from existing borrowing facilities.

Waikato Clinical Centre

Approval was sought for \$8M consisting of:

- Balcony in ICU \$0.5M
- Tunnels under WCC \$4.46M
- Additional lift in WCC \$0.39M
- Alternative red corridor (CABG) \$2.65M

It was noted that the balcony in ICU was not to provide additional bed capacity but to provide an area outside the ICU ward environment for patients requiring long term intensive care.

Resolved

THAT

The Board:

1. Received the report.
2. Approved the scope changes to the Waikato Clinical Centre at a total capital cost of \$8M.
3. Notes it is budgeted and that funding will be internal or from existing borrowing facilities.

Theatres

Two additional theatres in shell for \$0.5M.

Resolved

THAT

The Board:

1. Received the report.
2. Approved the addition of two operating theatres in shell at a capital cost of \$0.5M, in response to indications that the Minister of Health is considering funding additional regional surgical capacity.
3. Notes it is budgeted and that funding will be internal or from existing borrowing facilities, and that the subsequent fit-out and commissioning of the theatres will be subject to Ministry confirmation that the capacity is required.

13.3 Replacement of Computed Tomography (CT) Scanner: Waikato Hospital

A paper was submitted seeking Board approval for the replacement of a single detector CT scanner (purchased in 1995), with a 65-slice multi detector CT. Additional capital expenditure is also requested to provide for enhanced radiation shielding. The total amount being \$2.6M.

The scanner at 14 years is beyond its planned life, has become increasingly unreliable with replacement parts difficult to source.

The proposed replacement will allow for increased diagnostic ability, increased access to CT scans and increased volumes.

Resolved THAT

The Board approved the purchase of a replacement CT scanner (64 slice) and associated enhanced radiation shielding, at a total capital cost of \$2.6m.

13.4 School Dental Clinics

A paper was submitted seeking Board approval for the expenditure related to the DHB's school dental clinic plan. This is a government initiative of which Waikato DHB's population share is \$9.8M. This capital is for fixed and mobile dental clinics and equipment.

Cost – v – budget issues have arisen that are being worked through but management is keen to order the mobiles to get on the waiting list for construction.

Resolved THAT

The Board, subject to a binding commitment from the Ministry of Health to provide the capital funding:

1. Approved the capital budget of \$9.8M; and
2. The ordering of nine mobile units at about \$2.7M against this; and
3. Notes it will receive advice on the operating funding and proposed changes to service delivery.

ITEM 14: WAIKATO CLINICAL CENTRE – DELEGATED AUTHORITY TO APPROVE THE APPOINTMENT OF A SUCCESSFUL TENDERER

A paper was submitted requesting the Chair and another member be given authority to approve the appointment of the successful tenderer for the Waikato Clinical Centre.

It was noted:

- Three bids for the work have been received.
- The initial evaluation process determined one bidder unsuccessful (Mainzeal Construction).

- The scores for the two remaining bids (Fletchers and Hawkins) are very close so the evaluation process has been extended in order that the DHB gets the very best price.
- A report on the final recommendation is expected next week.
- Both companies (Fletchers and Hawkins) are New Zealand owned and use predominantly Hamilton staff.

Resolved

THAT

The Board Chair and Deputy Chair is delegated authority to approve the appointment of the successful tenderer, subject to that bid being within the approved budget estimate.

ITEM 15: FLUORIDATION OF DRINKING WATER

As a result of last month's Board discussions on fluoridation a position statement prepared by the DHB's Population Health services was submitted for consideration.

The position statement affirms the Ministry of Health's position (and Waikato DHB) on fluoridation of drinking water supplies to provide protection against tooth decay.

Member, Mr G Chesterman, abstained from voting due to a potential conflict of interest given his roles as both a Board member and Councillor. It was noted that legal advice had been sought on conflicts of interest - a conflict of interest is defined in terms of a person's "interest in a transaction". In this case there is no transaction in terms of the New Zealand Public Health and Disability Act and therefore no conflict of interest.

Resolved

THAT

The Board:

1. Received the report.
2. Adopts the Fluoridation of Drinking Water position statement to be sent to Hamilton City Councillors and Waikato Mayors.

ITEM 16: THAMES BIRTHING UNIT NAMING

With final resource consent for the new birthing unit at Thames expected soon, the Board was requested to approve the name for this building.

Resolved

THAT

The Board approved the name, Thames Birthing Unit.

ITEM 17: WAIKATO DHB DRAFT QUALITY AND RISK PLANS 2009/10

The draft Waikato DHB quality and risk plans for 2009/10 were provided to the Board as information.

Influenza H1N1 will be included in the risk plan.

It was noted that performance measures in the quality plan are a combination of those set internally and by the Ministry of Health.

Resolved THAT

The Board approved the Waikato DHB Quality and Risk plans for 2009/10 for implementation.

ITEM 18: MEDIA AND COMMUNICATIONS WORKPLAN 2009/210

The Media and Communications workplan for 2009/10 was submitted to the Board for information.

Noted:

- Internal communications is under review with positive feedback received on the DHB's revamped Intranet, which is the preferred method of communicating with staff.
- The media and communications team is involved in a print procurement project lead by DHB NZ.
- In-house signage and displays on swine flu have been made available to five other DHBs.
- Hits to the DHB's website has doubled in growth this year, following a change in focus and design.
- Health TV is now running in the emergency department at Waikato hospital and is set up in two waiting rooms at the hospital as well as Thames hospital.

An internal publication "Get the Look" was presented at the meeting and distributed to Board members. This publication is a simplified version of the corporate identity manual.

The Board acknowledged the work of Mrs Gill and her team as being innovative and impressive and believe the media and communications unit to be the best in the health sector.

Resolved THAT

The Board received the report.

ITEM 19: WAITANGI TRIBUNAL – WHANGANUI INQUIRY

Crown Law have been requested to explore "small discrete remedies" as an approach to dealing with small blocks of land taken by the Crown for public

works and other purposes. One of these potential “small discrete remedies” is the land on which Taumarunui hospital sits.

It was noted that the amount of land to be transferred is still to be defined.

In order to progress discussions with respect to the possible return of surplus land within the current Taumarunui hospital site, it is proposed that:

- The Board agree in principle to the disposal of surplus land.
- The land should be made available at market valuation.
- The preferred approach be for a third party such as the Ministry of Health, Office of Treaty Settlements or Crown Health Financing Agency to acquire the land in the first instance, pay the Waikato DHB and then deal directly with the claimant.
- The land available for any settlement should be based on a conservative assessment (that is, tending slightly to overestimate future need) of future demands on the site.
- The Chief Executive take the process to the point that a final decision is required, when it will be returned to the Board for that decision.

**Resolved
THAT**

Negotiations for the possible return of Taumarunui Hospital land to Maori be approved, as outlined above.

ITEM 20: UPDATE AND INFORMATION ITEMS FROM THE CHIEF EXECUTIVE

The Chief Executive provided the following updates to the information contained in his report:

20.1 Tokoroa Hospital

The model for integrated health services at Tokoroa has been costed at \$24M; this is unsatisfactory and further work will be required on this project.

20.2 Payroll

The project group is still working on various issues (technical, location, final software solution, capital costs and benefits) and staff consultation will need to be undertaken before a paper can be submitted for Board consideration.

Advice from Deloitte and the project group is that significant savings can be made and more so if the region looked at rostering, however rostering is seen as a discrete project for the future.

20.3 Management Structure

Management is mindful that this process has taken longer than expected and leaves staff feeling uncertain and may demotivate. However, significant, valid questions have been raised which require consideration.

The Chief Executive recently met with Clinical Directors and emphasised the structure reviews are about making improvements – involving clinical staff and creating clarity and certainty in reporting lines, roles and responsibilities.

20.4 Influenza H1N1

This situation is unpredictable but at this stage hospital operations are not being compromised.

Work continues on the development of community based assessment centres (CBACs) for primary care. The DHB will await signals from primary care as to when/if these will open. It is planned that all rural hospitals will be set up as CBACs and two sites have been identified in Hamilton.

The Ministry of Health advise that a vaccine for H1N1 is still some months away.

Resolved

THAT

The report be received.

ITEM 21: IWI MAORI COUNCIL MINUTES (DRAFT): 1 JULY 2009

Resolved

THAT

The draft minutes of a meeting of the Iwi Maori Council held on 1 July 2009 be received.

ITEM 22: COMMITTEE MINUTES

22.1 Campus Redevelopment Committee: 10 June 2009

Resolved

THAT

All items be adopted.

22.2 Health Waikato Advisory Committee: 24 June 2009

Resolved

THAT

Items 1 – 13 be adopted.

22.3 Community and Public Health Advisory Committee: 24 June 2009

Resolved

THAT

Items 1 – 14 be adopted.

ITEM 23: GENERAL BUSINESS

23.1 Policy Review – Treasury

A review of the DHB's policy on foreign exchange will be undertaken. At present policy is to not consider foreign exchange cover until such time as firm commitments are to be made (ie. order is placed). This is a conservative approach and for an organisation with significant capital investments can result in significant unplanned costs (or gains).

Treasury advice will be sought and the Chair indicated he would like to be involved given his background in hedging arrangements.

It is expected that proposed policy changes will be submitted to the next Audit & Risk meeting.

ITEM 24: DATE OF NEXT MEETING

Wednesday 12 August 2009 at Tokoroa Hospital.

BOARD MINUTES OF 8 JULY 2009

RESOLUTION TO EXCLUDE THE PUBLIC NEW ZEALAND PUBLIC HEALTH AND DISABILITY ACT 2000

THAT:

- (1) The public be excluded from the following part of the proceedings of this meeting, namely:

- Item 25: Minutes – Various
- (i) Waikato District Health Board for confirmation: Wednesday 10 June 2009 (Items taken with the public excluded)
 - (ii) Health Waikato Advisory Committee for adoption: Wednesday 24 June 2009 (Items taken with the public excluded)
 - (iii) Community and Public Health Advisory Committee for adoption: Wednesday 24 June 2009 (Items taken with the public excluded)
- Item 26: Chief Executive's Report – Public Excluded
Item 27: Taumarunui After Hours Services – Public Excluded
Item 28: Employee Relations – Individual Employment Agreements – Public Excluded
Item 29: Employee Relations Update – Public Excluded

- (2) The general subject of each matter to be considered while the public is excluded, and the reason for passing this resolution in relation to each matter, are as follows:

<u>GENERAL SUBJECT OF EACH MATTER TO BE CONSIDERED</u>	<u>REASON FOR PASSING THIS RESOLUTION IN RELATION TO EACH MATTER</u>
Items 25(i) – (iii): Minutes	Items to be adopted/ confirmed/ received were taken with the public excluded
Item 26: Chief Executive's report	Negotiations will be required
Item 27: After hours services	Negotiations will be required
Item 28: Individual employment agreements	Negotiations will be required
Item 29: Employee relations update	Negotiations will be required

- (3) This resolution is made in reliance on Clause 33 of Schedule 3 of the NZ Public Health & Disability Act 2000 and the grounds on which the resolution is based, together with the particular interest or interests protected by the Official Information Act 1982 which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as follows:

- Item 25: As shown on resolution to exclude the public in minutes.
- Items 26-29: Section 9(2)(j) of the Official Information Act 1982 – To enable the Waikato DHB to carry on negotiations without prejudice or disadvantage.

