



# MINUTES      Open - unconfirmed

## TARANAKI DISTRICT HEALTH BOARD

7 February 2008  
Corporate Meeting Room 1  
Base Hospital  
David Street  
New Plymouth

### Present

John Young (Chairman), Peter Catt (Deputy Chairman), Alex Ballantyne, Kura Denness, Dan Devadhar, Karen Eagles, Grant Knuckey, Jenny Nager, and Tony Ruakere

### In Attendance

Tony Foulkes (Chief Executive), George Thomas (General Manager Finance & Corporate Services), Joy Farley (General Manager Hospital Services), Sandra Boardman (GM Planning, Funding and Population Health), Christine Henare (Chief Advisor Maori Health), Debbie Taylor (General Manager Organisational Development and Communications), Pamela Hikuroa (PA to Board), Krysti Wetton (Communication Advisor)

### 381.0 Declaration to Open Meeting

The meeting was opened with a karakia.

### 382.0 Apologies

Flora Gilkison

#### Resolution

*That the apology be sustained.*

*Denness/Catt  
Carried*

### 383.0 Conflicts of Interest

The following new interests were declared:

Karen Eagles	Husband John Eagles, senior partner Govett Quilliam, who provide legal services to Taranaki DHB.
Grant Knuckey	Chief Executive Te Atiawa Medical Trust Te Tihi Hauora Taranaki PHO
Tony Ruakere	Member Te Pou Herataunga Disability Committee of Tui Ora

The following interest was removed:

Kura Denness                      Chairman PHO Community Council

### **384.0 Minutes**

#### Resolution

*That the Minutes of the Taranaki District Health Board meeting held on 6 December 2007 be confirmed as a true and correct record.*

*Denness/Catt  
Carried*

### **385.0 Board Committee Reports**

#### 385.1 Disability Support Advisory Committee

Ms Farley provided clarification regarding the pain service provided by Taranaki DHB advised that there were two issues, firstly the DHB operated a number of pain type services as part of its core business and there were a number of services operated under our contracts with ACC. The discussion at HAC was around the deputation received some 19 months ago and a feasibility study which developed a framework to integrate the service as best as possible with the focus being on a single point of entry and co-ordination of services. It is anticipated that if the project works well that it will be something the DHB could partnership with others and extend into the primary sector.

#### Resolution

*That the Taranaki District Health Board receive the unconfirmed minutes of the Disability Support Advisory Committee Meeting held on 18 December 2007 and notes recommendations contained therein.*

*Ballantyne/Nager  
Carried*

#### 385.2 Community and Public Health Advisory Committee

Dr Catt, Chairman of the Committee, brought to the Board's attention to the concern expressed by the Committee over the length of waiting time for radiation services which was beyond the recommended time. This service was contracted to another DHB.

Mrs Boardman advised that the situation had improved since the meeting with radiotherapy for category A and B being back within the timeframes.

Management also assured the Board that providers work very hard to meet timeframes and individual patients are regularly updated on the situation.

#### Resolution

*That the Taranaki District Health Board receive the unconfirmed minutes of the Community and Public Health Advisory Committee meeting held 18 December 2007 and notes recommendations contained therein.*

*Catt/Nager  
Carried*

### 385.3 Hospital Advisory Committee

Ms Denness, Deputy Chairman of the Committee, advised that the main focus of the meeting was on the financial performance which would be discussed later in the meeting.

#### Resolution

*That the Taranaki District Health Board receive the unconfirmed minutes of the Hospital Advisory Committee meeting held 29 January 2008 and notes recommendations contained therein.*

*Denness/Nager  
Carried*

### **386.0 Chairman's Report**

#### 386.1 Representation – Statutory Committees, Subsidiaries

Discussion took place on the proposed membership of the various committees and subsidiaries and it was agreed as follows:

#### Resolution

*That the Taranaki District Health Board confirm*

1. *Community and Public Health and Disability Support Advisory Committees be combined with the Terms of Reference to be updated to reflect the change and a work programme developed to include disability issues to be discussed over the course of a year.*
2. *Consideration be given to the holding of a forum to share information between the DHB and the disability sector.*
3. *Board membership of the statutory committees to be as follows:*
  - Hospital Advisory Committee*  
*Peter Catt (Chairman), Kura Denness (Deputy Chairman), Dan Devadhar, Jenny Nager, Karen Eagles, Grant Knuckey, John Young (Ex officio)*
  - Community & Public Health and Disability Support Advisory Committee*  
*Flora Gilkison (Chairman), Alex Ballantyne (Deputy Chairman), Tony Ruakere, Jenny Nager, Karen Eagles. John Young (ex officio)*
4. *Membership of Board Committees:*
  - Finance Audit & Compliance –*  
*Kura Denness (Chairman), John Young, Peter Catt, Alex Ballantyne*
  - Compensation and Appointments Committee*  
*John Young (Chairman), Peter Catt, Flora Gilkison*
5. *Representation on Subsidiary Companies*
  - Fulford Radiology Services – Flora Gilkison*
  - Allied Laundry Services – Kura Denness*
  - HealthIntelligence Ltd – Peter Catt (effective 1 July 2008)*
  - HealthShare Ltd – Tony Foulkes*
6. *The Chairman, Deputy Chairman and the Chairmen of the statutory committees to review the skills required for the committees and invite appropriately skilled or qualified people to join the Committees. The Committees to continue to have a majority of Board members and up to four co-opted members.*

7. *Te Whare Punanga Korero be invited to put forward a representative from their Board for membership of the Advisory Committees.*

*Denness/Catt*

*Carried*

### **387.0 Management Reports**

#### **387.1 Chief Executive's Report**

Mr Foulkes took report as read, highlighting

- Drew members' attention to the reports attached from Ministry of Health, State Services Commission, Health and Disability Commissioner

#### **Planning**

- Planning and development of DAP well underway in line with Board direction.
- Advice had been received around interim funding for coming year, which indicated an increase. Opportunity to discuss in detail later in the agenda.
- Management team continuing to work on understanding the implications of the proposed funding and proposing way forward.
- Minister Health has issued his first letter of expectations which sets out his priorities for 2008/09 which will inform our planning. No significant change to those from previous Minister's advice just re-emphasising the significance and this will be taken into account with the annual plan. Will also inform the revising of the District Strategic Plan.

#### **Organisational Performance**

- From financial perspective focus on forecast
- Full discussion and debate on the financial results for the Hospital and Specialist Service had been held at the Hospital Advisory Committee meeting. Challenge for this service started in last quarter and has continued and this situation is forecasted for the remainder of the year.
- Current Forecast for Hospital Services is an \$8.1m deficit with the key components relating to issues associated with employing staff and provision of services. Significant to note that there has been no significant increase in staff but costing more to provide similar volumes and services than the previous year.
- Forecast Consolidated financial result is \$4.9m greater than planned.
- Challenges and reasons for the deficit situation in Hospital Services had been highlighted previously and also noted that there was no easy answer to the situation.
- Outlined proposed approach to try and reduce the deficit:
  1. Review of systems and process. Fair to say that any savings from this source would not be of the magnitude required but created the appropriate culture.
  2. Review how services provided and look at how could be provided in the future to enable the Hospital to operate within the funding available. This involved different models of care which included the preparation for moving to a new facility and working with the primary sector.

3. Recognise funding issues and acknowledge where the realistic cost of service provision is greater than the funding provided. It is known that the Ministry of Health, through analysis, has acknowledged that national prices for hospital services due to the timelag in data used, do not cover current costs and it is expected that they will be increased in the future. This will not address the issue totally and we will still need to be able to work on the other components to achieve a sustainable ongoing position.
- Hopeful that the Board understands the issues and support management going forward to achieve the required outcomes.
  - There will be a deficit in this financial year but measures are being looked at to move to a sustainable position and hopefully achieve surpluses so that the DHB is in a position to afford investment to deliver on the strategic focus areas and investment in the new facilities.
  - Further detail provided in the financial report.

### 387.2 General Manager Finance & Corporate Services Report

Mr Thomas took report as read highlighting

- Financial forecast for next six months outlines worse case scenario and it is hoped that some of the measures being put in place will enable the forecast deficit to be reduced.
- Will be a challenge to reduce particularly in view of
  1. Opening cost of funding gap remains
  2. Increased costs for MECAs
  3. Medical Locum costs in next six months will remain and likely to be an issue for the next two – three years.

#### Discussion

During discussion Ms Denness referred to the level of the deficit and the fact that the provider would have a year end deficit and questioned the philosophy of the Board around the cutting back of funding of the non-hospital providers to balance our overall budget.

The Chief Executive acknowledged the question being posed but advised that the use of the funder reserve as outlined did not take any funded off other providers. It did mean as outlined at the time the budget was set with the DAP, that investments in new initiatives in key strategic areas would not proceed at the pace one would ideally like, however, that was the rationale for the risk reserve. It was also noted that the risk reserve was also for other identified risks, for example aged residential care, diagnostics, pharmaceuticals as well as the hospital provider. These risks eventuate to a greater or lesser extent.

The Chairman commented on the requirement when the Board developed the budget for there to be flexibility to enable the Board to maintain a balanced budget as required by Government. It must also be remembered that the business case for the new facility was based on returning a small surplus and it would not be prudent for the DHB to consider running a deficit so that funding could be used elsewhere. Every effort must be made to control the Hospital deficit but the DHB had a responsibility to operate within the funding provided.

The Chief Executive confirmed that a more sustainable position was the goal and this would require different models of care to be put in place and this was part of the work being undertaken through the facility work.

Resolution

*That the Taranaki District Health Board receives and notes the Chief Executive's Report and management reports for December 2007.*

*Ballantyne/Catt*

*Carried*

**388.0 Other Business**

**388.1 Health Sector Relationship Agreement**

The report was taken as read and the Chief Executive highlighted:

Discussion on this matter took place some 6-7 months ago around pressures that the DHBs and others were facing particularly around pay rates and expectations for employment negotiations. As part of this discussions took place between DHB representatives, Government and Council of Trade Unions regarding the establishment of a revised framework for the relationship between the parties to enable a greater understanding of the constraints and circumstances facing each of the parties. This would enable the parties to consider ways of working together given the realities facing the sector which included the expectations for increased wages and the constraints on resources being faced by the DHBs.

Discussion

General discussion took place with it being noted:

1. DHBs through the New Zealand Public Health and Disability Act have wide reaching responsibilities that impact on the broader issues of health in their districts. While DHBs can influence change in the sector through a variety of means, it cannot automatically be assumed that changes which may be identified through the Health Sector Agreement will be implemented via our contractual arrangements with others. It is anticipated that the main focus of activity is likely to be in relation to the DHB as an employer. Additional work may come through areas of shared interest such as workforce development in the health sector.
2. There did not appear to be any NGO involvement in the development of the agreement, even though the NGO sector was a large part of the health sector.
3. Concern over the establishment of a secretariat to administer the agreement which may create additional costs.

Resolution

*That the Board*

1. *Notes and receives the paper*
2. *Noting any feedback from Board discussion, endorses the Health Sector Relationship Agreement.*

3. *In doing so, expects that national activity will be undertaken within the context of the legislative accountability and decision making frameworks for Taranaki as an individual DHB.*

*Knuckey/Eagles  
Carried*

**389.0 Date of Next Meeting**

The next meeting is to be held on Tuesday 11 March in New Plymouth

**390.0 Exclusion of Public**

Resolution

*That the Taranaki District Health Board exclude the public from the meeting on the basis of the following matters:*

1. *To present Taranaki District Health Board Minutes pursuant to an earlier resolution publicly excluding the item*
2. *To present Minutes of Committee meetings pursuant to an earlier resolution publicly excluding the item.*
3. *To present Chief Executive's Report in that the public conduct of the meeting would be likely to result in the disclosure of information where the withholding of the information is necessary to:*
  - (g) *Enable the DHB, Board or Board committee holding the information to carry out, without prejudice or disadvantage, commercial activities.*
4. *To present report on Proposed Funding Allocation 2008/2009 in that the public conduct of the meeting would be likely to result in the disclosure of information where the withholding of the information is necessary to:*
  - (g) *Enable the DHB, Board or Board Committee holding the information to carry out, without prejudice or disadvantage, commercial activities.*

*Denness/Nager  
Carried*

The meeting adjourned at 3.50pm to reconvene at 4.05pm

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Chairman

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Date