

Ngā miniti a Poari o Te Whatu Ora | Hauora Aotearoa

Te Whatu Ora | Health New Zealand Board Minutes

Friday 1 July. 1.00 pm- 4.00 pm. In person.

AUT South Campus, 640 Great South Road, Manukau City, Rooms MD210 and MD212

Chair for the meeting Te Kaihautū mō te hui	Rob Campbell
Board attendees Ngā mema o te Poari	In person: Hon. Amy Adams, Tipa Mahuta, Dame Dr Karen Poutasi, Vanessa Stoddart, Dr Curtis Walker
In Attendance Ngā manuhiri	<p>Te Whatu Ora: Margie Apa (Chief Executive), Catherine Foster (Board Secretary), Susanne McKay (Board Coordinator)</p> <p>In attendance for specific items:</p> <ul style="list-style-type: none"> • Riana Manuel (Chief Executive, Te Aka Wai Ora) • Rosalie Percival (Finance Lead, Te Whatu Ora) – attended online • Te Aka Whai Ora Board members Dr Sue Crengle, Dr Mataroria Lyndon, Fiona Pimm, Sharon Shea, Awerangi Tamihere
Apologies Ngā tamōnga	None

Address with the Minister, room MD210

The Boards and Chief Executives of Te Whatu Ora and Te Aka Whai Ora met with Hon. Minister Andrew Little.

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Karakia and mihihihi, room MD210

C Walker opened the meeting with karakia.

There were no conflicts advised for this meeting.

Interim Health Plan and Interim Pacific Plan, room MD210

The Boards of Te Whatu Ora and Te Aka Whai Ora agreed to defer endorsement of the Health Plans to allow further time for review.

The Boards discussed the importance of alignment to communicate the plans to the sector, on behalf of the Minister of Health.

The Te Whatu Ora Chief Executive and Board members moved to room MD212. Te Aka Whai Ora Board members moved to room MD211.

Mihihihi

The Chair formally acknowledged T Mahuta joining the Board of Te Whatu Ora.

There were no apologies received.

Board members advised the following changes to the Interest Register:

- K Poutasi advised the amendment of a perceived conflict of interest. s 9(2)(a)

Action: The Board requested clarification on quantifying interests, to ensure consistency with how Board Members declare interests (Board Secretary to action).

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Update from the Chief Executive

The Chief Executive's report was noted.

M Apa provided a verbal update on several matters, including Transition and Organisational Performance.

Transition

Key discussion points included

- The ongoing role of the Transition Unit (TU) was discussed. TU will have a role in Board member appointments along with the Ministry of Health. The TU's policy advice function will move into Ministry of Health. It is important to transfer knowledge and skills as the TU role phases out.

Organisational Performance Data

Key discussion points included

- Trend and comparative data is important
- Looking for quick wins to illustrate improvements
- Health and safety data is important for the Board to see
- Hon. Minister Little highlighted five priorities which can be structured into the CE's report to illustrate performance in these areas
- Dashboard and measures should be outcome focused
- Value metrics (not volume metrics) are wanted with further discussion required on what is of value to the Board
- Holistic reporting of the system is required (not siloed information on directorates)
- The Board does not want duplication or reporting for reporting's sake, or onerous reporting developed.

The Board and CE discussed cultural elements in the system which will take time to shift, including that well established business processes require change and people must follow instructions and directions from people they may not be used to receiving direction from.

Day 1 Finance Update

R Percival joined the meeting at 2.03 pm.

Details of cost savings already being seen on day 1 were welcomed by the Board.

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Key discussion points included

- Te Whatu Ora will operate with tight fiscal management
- Full funding is not yet finalised as Covid funding is still to be transferred from the Ministry of Health
- Expenditure position matches \$22m budgeted
- Adopting a conservative budget approach as there are still unknowns as to what the Board is inheriting
- At Day 1 there is a balanced budget and cash balance to operate.

T Mahuta left the meeting at 2.40 pm.

Discussion points

- Communicating to the sector that we continue to operate in a tight fiscal environment is important. There is an expectation that the reforms may lead to more money which is a narrative that will need to be carefully managed.
- There is not yet full visibility of workforce and what skills and positions are required in the new system. Tier 2s must consider this in any recruitment of back-office positions.
- The Chair's speech at the launch event set out the position that we want to develop workforce but reduce duplication and consultants working in the system
- Work remains ongoing on national roles vs regional roles, this will further rationalise roles across the system.

T Mahuta re-joined the meeting at 2.55 pm.

Replacement capital budget

BD001- 1 July 2022: The Board approved the Finance and Audit Joint Working Group recommendation to

- Approve** the replacement capital budget envelope of \$772million to be funded from depreciation, cash prioritised for capital projects, leasing and asset sales
- Note** the work to date as presented and that further work is required to translate the combination of the various DHB and Shared Services individual plans into a regional and national plan by asset class
- Note** minor capital budgets need to be advised in July to enable capital replacement to continue

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- d. Note the capital plan for items to be equity funded from the Health Capital Envelope or in excess of \$10m project cost will be separately presented
- e. Delegate authority to the Chief Executive Officer to authorise allocation of minor capital budgets within the replacement capital budget envelope.

Key discussion points

- This approval is subject to review as more information is known.
- Noted the \$772million is a cap
- Materiality is important; multi-million-dollar replacement of medical kit needs robust processes, whereas minor capital replacement can continue within agreed limits
- The Board requested continual monitoring of system performance to inform Board decisions, and to assess effectiveness of decisions
- Culture change is required across the sector for how people view asset management and capital replacement. Decisions will happen at a national level and teams are used to operating as regions. Getting visibly of the pipeline is important to ensure long-term decision-making and that capital spending can be used strategically across the system.

R Percival left the meeting at 3.11 pm.

Day 1 resolutions for ratification

Day 1 resolutions for ratification

BD002- 1 July 2022: The Board adopted the following recommendation by consensus

1. note that Board members met on 28 June 2022 and resolved
 - a. to approve the appointment of Fepulea'i Margie Apa as Chief Executive of Health New Zealand
 - b. to delegate to the Chair authority to execute the Chief Executive's employment agreement on behalf of the Board

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- c. to delegate certain functions and powers to the Chief Executive from 1 July 2022, as set out in the Board Paper dated 28 June 2022
- d. that, as set out in the CE Delegation, the Chief Executive may further delegate the functions and powers delegated to her to Health New Zealand employees and office holders.

Day 1 resolutions for endorsement

Establishment of Health New Zealand

BD003- 1 July 2022: The Board adopted the following recommendation by consensus

1. note that Health New Zealand (HNZ) has been established under the Pae Ora (Healthy Futures) Act 2022 ("Pae Ora Act"), and is a Crown agent for the purposes of the Crown Entities Act 2004 ("Crown Entities Act")
2. note that HNZ now holds all the assets and liabilities of former DHBs and the Hīringa Hauora/Health Promotion Agency ("HPA"), employs all the employees of those entities, and steps into the shoes of those entities for all matters those entities had underway
3. note that HNZ now employs or contracts approximately 2000 employees and contractors who have been transferred from interim Health New Zealand
4. note that HNZ now holds all the assets and liabilities of the six Shared Service Agencies, and employs all the employees of those agencies
5. resolve to adopt the Board manual, which sets out matters relevant to the governance of Health New Zealand.

Governance Manual

The Board confirmed the high trust model approach for Board members regarding how they communicate and discuss health sector matters.

Action: Update the Board Manual to reflect high trust model for Board member communication (Board Secretary, due August 1, 2022).

Interest Register and Disclosures

BD004- 1 July 2022: The Board adopted the following recommendation by consensus

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1. resolve to adopt an interests register in the form attached to the Board papers dated 1 July 2022
2. note the interests disclosed by each Board member as at 1 July 2022.

Insurance Arrangements

BD005- 1 July 2022: The Board adopted the following recommendation by consensus

1.
 - a. note that NZ Health Partnerships (NZHP) signed Authority To Bind insurance documents for Health New Zealand for 2022/23 on 27 June 2022
 - b. note that this was done following confirmation from the Finance Lead of interim Health NZ on the acceptability of the final terms proposed
 - c. note that, as part of that, Health New Zealand has effected directors and officers insurance for the directors and officers of Health New Zealand.
2. note that Māori Health Authority is an insured party and able to access cover under all policies
 - a. resolve that Health New Zealand indemnifies all members and officers of Health New Zealand to the maximum extent permitted by law for liabilities, damages, expenses and losses for their acts and omissions in the jurisdictions in which they operate.

Banking Establishment

BD006 – 1 July 2022: The Board adopted the following recommendation by consensus

1. resolve that Health New Zealand ratify the Bank of New Zealand bank accounts listed below
2. resolve that the Account Owners listed below are ratified.

The Board Members ratify the individuals listed below shall be the Account Owners in respect of these accounts, and as such have the authority to open bank accounts, appoint signatories and have the authority to determine how all bank accounts operate.

Campbell, Rob (Board Chair)

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Adams, Amy (Board Member)
Stoddart, Vanessa (Board Member)
Apa, Margie (CE)
Percival, Rosalie (CFO)

Health Subsidiaries

BD007 – 1 July 2022: The Board adopted the following recommendation by consensus

- note that Health New Zealand is the sole shareholder of the following Crown entity subsidiaries:

	Company	Former shareholder(s)	Function
(a)	Allied Laundry Services Limited	MidCentral DHB (16.67%) Taranaki DHB (16.67%) Whanganui DHB (16.67%) Hawkes Bay DHB (16.67%) Capital and Coast DHB (16.67%) Hutt DHB (16.67%)	To meet the laundry requirements of seven regional hospitals and the wider health services community
(b)	Tairāwhiti Laundry Services Limited	Tairāwhiti DHB	To meet the laundry requirements of the regional hospital and the wider health services community
(c)	Spectrum Health Limited	Lakes DHB	Provision of surgical services within the Lakes area
(d)	Enable New Zealand Limited	MidCentral DHB	Provision of disability services including disability information services, disability equipment and housing and vehicle modification services

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	Company	Former shareholder(s)	Function
(e)	New Zealand Health Innovation Hub Management Limited	Canterbury DHB	Commercialisation entity for the public health sector aiming to accelerate and scale healthcare innovations originating across the DHBs
(f)	Canterbury Linen Services Limited	Canterbury DHB	Commercial and industrial linen rental service
(g)	Brackenridge Services Limited	Canterbury DHB	Provision of disability support services to people with intellectual disabilities and autism
(h)	South Canterbury Eye Clinic Limited	South Canterbury DHB	Provision of ophthalmology services

2. note that, under section 97 of the Crown Entities Act 2004, Health New Zealand must ensure that, among other things, each Crown entity subsidiary:
 - (a) does not do anything that Health New Zealand does not have the power to do
 - (b) acts consistently with Health New Zealand's objectives and current statement of intent (to the extent they relate to the subsidiary)
 - (c) exercises its powers only for the purpose of performing, or assisting Health New Zealand to perform, Health New Zealand's functions
3. note that due diligence is planned for the Crown entity subsidiaries, and recommendations about amendments to their constitutions and other changes will be made to the Board, as shareholder, in due course (it is not essential to make immediate changes)
4. note that Health New Zealand also has the following non-majority shareholdings (and so the companies are not Crown entity subsidiaries)

	Company	Former and current shareholder(s)	Function
(a)	Opotiki Health Centre Holdings Limited	Bay of Plenty DHB (15%) Five other trusts (85%)	Owner of the premises of Ōpōtiki Community Health Centre
(b)	TLab Limited	Tairāwhiti DHB (50%) Medlab Central Limited (50%)	Testing facility providing microbiology, clinical biochemistry, haematology and transfusion services located onsite at Gisborne Hospital.

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5. note that Health New Zealand has no other shareholdings, apart from the six companies that previously held the shared services agencies and which are the subject of a separate resolution.

Shareholder resolutions – shared service agencies

BD008- 1 July 2022: The Board adopted the following recommendation by consensus

1. resolve to authorise any one of the Board members to execute the shareholder resolutions attached to the Board papers dated 1 July 2022 on behalf of Health New Zealand as sole shareholder approving the wind up of the shared service agencies.

Day 1 Resolutions for noting

Appointment of Interim Executive Leadership Team and National Director, Public Health Service

BD009- 1 July 2022: The Board noted that the Chief Executive of Health New Zealand has appointed an interim executive leadership team on fixed term agreements with effect from 1 July 2022 to 31 December 2022.

The Board noted Nick Chamberlain has been appointed in a permanent position as National Director, Public Health Service.

Establishment of Board Committees

The Board discussed the following points:

- There remains a strong desire to work in partnership with Te Aka Whai Ora
- Joint committees can be established, these would be legally “separate” and operationally “joint”. Te Whatu Ora and Te Aka Whai Ora would each set up their own part of the joint committee, establishing from a legal and technical viewpoint that it is two committees working jointly together.
- Te Aka Whai Ora has not yet finalised its committee structure, therefore it is not yet possible to formally establish joint committees
- Resolution to be amended to reflect that Terms of Reference are signed off by Te Whatu Ora and Te Aka Whai Ora Boards, not co-convenors
- The Board does not want to suspend the joint working groups, which can carry on until committees are formally established
- The Strategic Planning Joint Working Group will not continue past the delivery of the Health Plan. In future, the development of strategic planning documents will be spread across relevant committees or as full Board discussion.

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BD010 – 1 July 2022: The Board adopted the following recommendation, with the recommended amendment:

1. The Board affirmed its intention to establish the following Board committees

	Committee
(a)	Health and Safety
(b)	Clinical Quality Assurance
(c)	Capital and Infrastructure
(d)	Finance and Audit
(e)	People and Culture
(f)	Data and Digital
(g)	Community and Primary care

1. note discussions remain ongoing as to what committees will be joint with Te Aka Whai Ora
2. note the Terms of Reference for each of the seven committees, will be agreed by the Boards of Te Whatu Ora and Te Aka Whai Ora
3. note all decision-making rests with the Board of Health New Zealand.

Corporate Policies

BD-011- 1 July 2022: The Board adopted the following recommendation by consensus:

- a) **note** that on 27 May 2022, the Board endorsed which Day 1 policies will require approval from the Board and agreed the following:
 - i) Conflict of Interest
 - ii) Code of Conduct
 - iii) Health, Safety and Wellbeing
 - iv) Delegations from the Board to CE
- b) **note** that these policies were considered by the Board at its meeting on 1 June 2022

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- c) **note** that the full suite of Day 1 policies are being consulted with the Public Service Association (PSA), with feedback expected in early July 2022
- d) **note** that the Executive Lead for People and Capability has recommended that the following policies for Board approval are considered at the meeting on 15 July 2022 so that any feedback from the PSA can be incorporated prior to the Board receiving them:
 - i) Conflict of Interest
 - ii) Code of Conduct
 - iii) Health, Safety and Wellbeing
- e) **agree** that the Code of Conduct and Conflict of Interest Policy from the Ministry of Health are adopted in the interim until the relevant HNZ policies have been approved in mid-July 2022
- f) **note** that Legal considers the above approach to be appropriate and low risk
- g) **note** that the full suite of draft Day 1 policies will be considered/approved by the Chief Executive or delegate on a similar timeframe so that PSA feedback can be incorporated into all the Day 1 policies
- h) **note** that the Chief Executive has approved that the existing policies of the current DHBs, Shared Services Agencies and Te Hīringa Hauora/Health Promotion Agency will continue to apply from 1 July 2022 until policies are aligned across all of HNZ
- i) **note** that this paper will be shared with the interim Māori Health Authority Board.

GOVERNANCE / BOARD ADMINISTRATION

Updates from Joint Working Groups

Verbal updates were provided on recent meetings as follows.

Data and Digital Joint Working Group

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A Adams, Co-convenor of the Data and Digital Joint Working Group provided a briefing on the Tripartite Agreement in development between the Ministry of Health, Te Whatu Ora and Te Aka Whai Ora. The agreement will be based on a set of principles and open and transparent relationships. The agreement is being drafted and will be brought to the Board in due course.

Public Health, Primary and Community Care Implementation Joint Working Group

K Poutasi, Co-convenor advised a key highlight from the previous meeting was discussion with the Royal New Zealand College of General Practitioners. The JWG discussed the future relationship, barriers for GPs, and mentoring in the sector.

Board Administration

Register of interests: Noted. Amendments were advised as noted in the Karakia and mihi mihi section of these minutes.

BD012 – 1 July 2022: Minutes and actions of the 10 June, 22 June and 28 June 2022 meetings were accepted as a true and accurate record of that meeting.

Actions register: Noted.

Meeting and engagements schedules: Noted.

V. Stoddart will attend the Board meeting scheduled for 29 July 2022 online, as she is not available to attend in person.

General Business

The Board discussed that as users of the health system they have observed pain points and inefficiencies. It was agreed that Board members send their observations and feedback to the CE, for consideration on how they can be responded to or inform system design.

T Mahuta reported that Te Aka Whai Ora is working over the next month to confirm the Iwi Māori Partnership Boards and will report back to Te Whatu Ora on the outcome of discussions.

The meeting closed at 3.55 pm.

The Board met in closed session.

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Actions from 1 July 2022

(refer to separate Actions Register for a complete list, including status, of all interim Board open and closed actions)

No.	Action	Responsible owner	Due date
BD010722-01	The Board requested clarification on quantifying interests, to ensure consistency with how Board Members declare interests	Board Secretary	
BD010722-02	Update the Board Manual to reflect high trust model for Board member communication	Board Secretary	01.08.2022