

**MINUTES**  
**SOUTH EASTERN SYDNEY LOCAL HEALTH DISTRICT**  
**BOARD MEETING**  
**8 AUGUST 2012**  
**16:00 – 18:00**  
**MULTIPURPOSE FUNCTION ROOM, LEVEL 4**  
**THE SUTHERLAND HOSPITAL**

<b>PART A.</b>	<b>MEETING OPENING</b>	
	<b>Item 1</b>	<b>WELCOME</b>
	<b>1.1</b>	<b>Apologies:</b> <ul style="list-style-type: none"> <li>• Dr Harry Harinath</li> </ul>
	<b>1.2</b>	<b>Members:</b> <ul style="list-style-type: none"> <li>• The Hon. Morris Iemma (Chair)</li> <li>• A/Prof Peter Gonski (Deputy Chair)</li> <li>• Ms Patricia Azarias</li> <li>• Mr Robert Boyd-Boland</li> <li>• Dr Ingrid van Beek</li> <li>• Ms Deborah Cansdell</li> <li>• A/Prof Robert Farnsworth</li> <li>• Janet McDonald</li> <li>• A/Prof Peter Smerdely</li> <li>• Prof Jeanette Ward (teleconference)</li> </ul> <b>In Attendance:</b> <ul style="list-style-type: none"> <li>• Mr Terry Clout – Chief Executive</li> <li>• Mr Peter Hudnall – Chief Financial Officer (present for items 1-8)</li> <li>• Dr Michael McGlynn – Executive Medical Director (present for items 1-8)</li> <li>• Ms Karen Edwards – A/Director Nursing &amp; Midwifery Services (present for items 1-8)</li> <li>• Prof James Colebatch – Chair Medical Staff Executive Council (present for items 1-8)</li> </ul> <b>Secretariat:</b> <ul style="list-style-type: none"> <li>• Ms Emily Janov – Board Secretary</li> </ul>
	<b>Item 2</b>	<b>DECLARATION OF PECUNIARY INTEREST, CONFLICT OF INTEREST AND DIRECTOR RELATED TRANSACTIONS</b> There were no potential conflicts of interests declared at the meeting on 8 August 2012.
	<b>Item 3</b>	<b>CONFIRMATION OF MINUTES</b>
	<b>3.1</b>	<b>Minutes of the SESLHD Board meeting held 4 July 2012</b> The Board endorsed the minutes (excluding items 9-12) of the SESLHD Board meeting held 4 July 2012 as an accurate record of proceedings, subject to the following amendments:

	<p>and</p> <ul style="list-style-type: none"> <li>• Item 5.1 wording to be changed from 'moving forward' to 'future developments'; and</li> <li>• Item 6.2 to state that only 3 SESLHD Board Members, not 5, attended the Board Member Conference on 22 July.</li> </ul> <p><b>Resolution 149</b> "That the Board approve the minutes (excluding items 9-12) of the SESLHD Board meeting held on 6 June 2012 as an accurate record of proceedings."</p> <p><b>Moved:</b> R Boyd-Boland      <b>Seconded:</b> P Gonski <b>Carried</b></p>
<p><b>Item 4</b></p> <p><b>4.1</b></p> <p><b>4.2</b></p>	<p><b>ACTIONS ARISING</b></p> <p><b>Action Log</b> The Board noted the action log (excluding items relating to 9-11), for information.</p> <p><b>SESLHD Healthcare Service Plan 2012-2017</b> Dr Michael McGlynn, Medical Executive Director reported back to the Board on the amendments made to the SESLHD Healthcare Service Plan 2012-2017 since the July Board meeting. The Board had requested the following amendments:</p> <ul style="list-style-type: none"> <li>• That the organisation's principles include a clause to promote the community and patients in contributing to healthy lifestyles;</li> <li>• That the term hospitalist be defined more clearly; and</li> <li>• Review of the sections relating to consolidation of surgical services and ensure that clinical consultation occurred in relation to these sections.</li> </ul> <p>These items were discussed in detail at the Clinical &amp; Quality Council meeting. The Council confirmed to: Include a clause in the organisation's principles to promote the community and patients in contributing to healthy lifestyles; Exclude the initiatives relating to Hospitalists.</p> <p>The item relating to consolidation of surgical services was discussed prior to the Clinical &amp; Quality Council meeting between the Medical Executive Director and the Surgical and Anaesthetic Clinical Stream Director and further consultation amongst the stream and Surgical Department Heads was facilitated. The concept of consolidating surgical services into centres of excellence was not contested.</p> <p>The draft minutes of the Clinical &amp; Quality Council stated that the particulars regarding consolidating surgical services should remain as stated in the Healthcare Services Plan presented to the Clinical &amp; Quality Council on 18 July and Board on 8 August 2012. It was noted that the minutes of the Clinical &amp; Quality Council meeting where this item was discussed were draft minutes and would not be considered for confirmation by the Council until its August meeting.</p> <p>A view was put that the 12 month period only related to further consultation on eye surgery, head and neck surgery, and gastrointestinal cancers surgery. The draft minutes of the Clinical &amp; Quality Council state that the wording for</p>

		<p>the Healthcare Services Plan should remain as they were and that the five year SESLHD Surgical Strategic Plan be developed over the next 12 months. This plan was, in its development, to cover wide consultation with clinicians across SESLHD and to detail how consolidation into centres of excellence would be progressed.</p> <p>There did remain differing views regarding the particular details of consolidating all routine eye surgery at Sydney/Sydney Eye Hospital versus continuing these cases at Prince of Wales Hospital. The Board noted that it was more cost effective to perform routine eye surgery at the Sydney/Sydney Eye Hospital compared to Prince of Wales Hospital. It was also noted that consolidating routine eye surgery at Sydney/Sydney Eye Hospital was consistent with the previous strategic plans of the Area Health Service since 2005. The extensive clinical consultation over the period of several months on all facets of the Plan was likewise noted by the Board.</p> <p>The Board noted that there were a number of new initiatives stated in the SESLHD Healthcare Services Plan 2012-2017 and discussed how these were prioritised in terms of funding. It was noted that the Clinical &amp; Quality Council identified the top initiatives each year for the expenditure of enhancement funding received. The District was in progress of finalising the capital plan and asset strategic plan, which would be brought to the Board for consideration in the coming months.</p> <p><b>Resolution 150</b> "That the Board endorse the SESLHD Healthcare Services Plan 2012-2017."</p> <p><b>Moved: D Cansdell Seconded: P Gonski Carried</b></p> <p>It was agreed that the Board would be included in early consultation of further strategic District plans as well as the review of the final plans.</p>
	<b>Item 5</b>	<p><b>PRESENTATION</b> There were not presentations made to the SESLHD Board at its August meeting.</p>
<b>Part B</b>	<b>CHAIR &amp; CHIEF'S EXECUTIVE REPORTS</b>	
	<b>Item 6</b>	<p><b>CHAIR'S REPORT</b></p> <p><b>6.1 Council of the Chairs Meeting on 13 July 2012</b> The Council of the Chairs meeting was held on 13 July 2012 and was attended by the SESLHD Board Deputy Chair, A/Prof Gonski. The Board noted for information the brief provided summarising the items presented at the meeting.</p>
	<b>Item 7</b>	<p><b>CE's REPORT</b></p> <p><b>7.1.1 Organisational KPI Report – June 2012</b> The Board noted for information the SESLHD Organisational KPI report for the period ending June 2012.</p> <p><b>7.2 2012/13 Service Agreement and Budget</b> The Chief Executive brought to the attention of the Board the additions made</p>

to the Service Agreement between the Director-General for the Ministry of Health and the SESLHD for the period of 1 July 2012-30 June 2013. These were:

- The listing of the top 10 clinical priorities and top 5 non-clinical priorities;
- The listing of non-clinical service provided to other LHDs and organisations; and
- Research organisations hosted within the District.

The Board received a presentation by the Chief Executive regarding the District budget, listed in the Service Agreement, and the principles and methodologies recommended for distribution between the District's facilities/services. The principles and methodology presented had already been supported by the Clinical & Quality Council and the District Executive Team.

The price at which the state was funding the LHDs was an average price of the 2011/12 LHD actual costs (of if LHDs were below the average price, they would be funded at their cost). SESLHD was slightly above the average price. Therefore, SESLHD received a transitional grant of \$18M. Due to the methodology in calculating the transitional grants, it is assumed that SESLHD will not be receiving transitional grants in future. Therefore, it was being proposed that the SESLHD facilities/service budgets be determined without (as far as was foreseeable) allocating the transitional grant into consideration.

The workforce cap was also noted. SESLHD was required to contribute to \$8,022,000 to the workforce cap. It was advised to the Board that this amount had been removed from the budget prior to its distribution to the District and to facilities/services. Therefore, if facilities/services met their budgets for 2012/13, the District would have met its workforce cap requirements.

To determine the budget allocation the following was considered:

- The Case Weight e was calculated into Case Weight b, to reflect the Ministry of Health's amended case weighting classifications;
- Case Weight b, the 2010/11 fractions and the 2011/12 actual activity (target activity for RHW) was used to identify the 2011/12 price equivalent;
- High cost outliers (peritonectomy and spinal services) were excluded from the activity targets;
- The Case Weight b was applied to the 2010/11 costs including a 2.5% increase for 2011/12 and a 2.6% increase for 2012/2013 to determine the projected cost per case weighted separation in 2012/13;
- If facilities/services met their activity targets for 2011/12, they were allocated activity targets in 2012/13 of the 2011/12 actual plus 3.27% growth;
- If facilities/services exceeded their activity targets for 2011/12, they were allocated activity targets in 2012/13 of the 2011/12 target plus 3.27% growth;
- The previous year's principles regarding price allocation were applied (i.e. A1 hospitals receive the same price, all Emergency attendances receive the same price, and Sydney/Sydney Eye Hospital is funded as per its cost of service);
- The resulting 2012/13 acute activity prices result in Sutherland Hospital and Sydney/Sydney Eye Hospital being funded at \$3,725,

Prince of Wales and St George Hospital and Royal Hospital for Women being funded at \$4,120.

- The resulting 2012/13 emergency activity prices result in Prince of Wales Hospital, St George and Sutherland Hospitals being funded at \$505 and Sydney/Sydney Eye Hospital being funded at \$310.

In summary, SESLHD activity targets had increased from the 2011/12 actuals by 3.27% (except for RHW which has increased by 2.98%). The different increase percentage for the RHW was due the facility exceeding its activity targets in 2011/12.

It was noted that for 2012/13 the Ministry of Health was funding LHDs per National Weighted Activity Unit (NWAU) and not case weighted separations. This conversion was likewise presented.

The principles used for distributing the revenue targets for 2012/13 were the same as those applied in 2011/12 which included:

Hospital data used as the target for compensable patients;

- 100% applied to privately insured patients;
- 5% price increase for DVA;
- MH 50% conversion rate applied to privately insured patients; and
- Exclusions included Emergency only activity, cases with ancillary private health insurance only; and unqualified newborns.

In 2012/13 the District would also be invoicing leased areas and invoicing universities for clinical supervision of medical, nursing and allied health students.

The following risks were identified to the Board

- a. That the St George Hospital and Sutherland Hospital will have difficulty managing clinical activity to the agree levels;
- b. That while the Prince of Wales Hospital Executive and Clinical Council are dedicated to reducing the net cost of activity at the hospital, reducing the cost of the peer group price provided in the SESLHD budget distributed to Prince of Wales Hospital will be challenging and a risk to the SESLHD meeting budget during 2012/13;
- c. That while the District has improved performance of emergency access indicators in the last twelve months the introduction of the revised National Emergency Access Targets (NEAT) will provide challenges for the District in meeting the new emergency access performance indicators within available budget.

#### **Resolution 151**

“That the SESLHD Board:

- a) Accept and approve the method and principles to be applied to the distribution of the 2012/13 budget to SESLHD facilities/services as presented by the Chief Executive;
- b) Acknowledge and accept the identified risks in respect to the Service Agreement and budget as outlined by the Chief Executive;
- c) Endorse the Chair signing the 2012/13 Service Agreement and returning it to the Director General
- d) In signing the Service Agreement for 2012/13, seek the Ministry of Health to acknowledge and jointly accept the



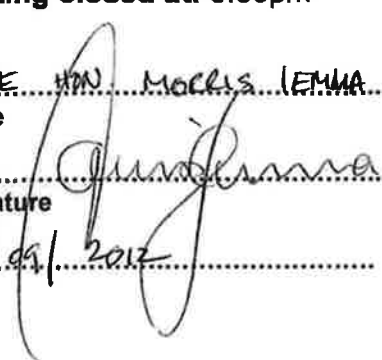
	7.2	<p>following risks for SESLHD in delivering on the requirements of the Service Agreement:</p> <ol style="list-style-type: none"> <li>I. That the St George Hospital and Sutherland Hospital will have difficulty managing clinical activity to the agree levels;</li> <li>II. That while the Prince of Wales Hospital Executive and Clinical Council are dedicated to reducing the net cost of activity at the hospital, reducing the cost to the peer group price provided in the SESLHD budget distributed to Prince of Wales Hospital will be challenging and a risk to the SESLHD meeting budget during 2012/13;</li> <li>III. That while the District has improved performance of emergency access indicators in the last twelve months the introduction of the revised National Emergency Access Targets (NEAT) will provide challenges for the District in meeting the new emergency access performance indicators within available budget.”</li> </ol> <p><b>Moved:</b> R Boyd- Boland      <b>Seconded:</b> D Cansdell      <b>Carried</b></p> <p><b>Action:</b> The signed cover letter and Service Agreement to be returned to the Ministry of Health and distributed to the Board and SESLHD staff.</p> <p><b>Royal Hospital for Women Administration Update</b> The Chief Executive provided the Board with an update on the progress on the Royal Hospital for Women Administration review. It had been determined that recruitment to the General Manager role would proceed immediately and that this position would jointly manage RHW alongside the current Executive Clinical Director, until his retirement in November 2012.</p> <p>A call for Expressions of Interests for an Executive Clinical Director would commence once the General Manager is appointed. The recruitment for the Director of Clinical Services will be recruited to half time for a period of up to 12 months.</p> <p>These changes will also require the RHW Clinical Council to revise its Chairmanship to align it with the revised management structure.</p> <p>The Board noted the update provided regarding the RHW administration for information.</p>
<b>Part C</b>	<b>SUBCOMMITTEE REPORTS/COMPLIANCE ISSUES/PAPERS FOR INFORMATION</b>	
	<b>Item 8</b>	<b>SESLHN COMMITTEE REPORTS</b>
	<b>8.1</b>	<b>Clinical &amp; Quality Council</b>
	<b>8.1.1</b>	<p><b>Clinical &amp; Quality Council Minutes</b> The minutes of the SESLHN Clinical &amp; Quality Council meeting held on 18 July were noted for information.</p>
	<b>8.2</b>	<b>Finance &amp; Performance Committee</b>

	<p><b>8.2.1</b></p> <p><b>8.2.2</b></p> <p><b>8.3</b></p> <p><b>8.3.1</b></p> <p><b>8.3.2</b></p> <p><b>8.3.3</b></p> <p><b>8.4</b></p> <p><b>8.5</b></p> <p><b>8.6</b></p>	<p><b>Finance &amp; Performance Committee Minutes</b> The minutes of the SESLHD Finance &amp; Performance Committee meeting held on 6 June were noted by the Board for information.</p> <p><b>SESLHD Financial Narrative</b> The SESLHD financial narratives for the period ending June 2012 was noted and approved by the Board.</p> <p><b>Resolution 152</b> "That the SESLHD Board approve the SESLHD financial narrative report for the period ending June 2012." <b>Moved:</b> R Boyd-Boland      <b>Seconded:</b> P Azarias      <b>Carried</b></p> <p><b>Audit &amp; Risk Management Committee</b></p> <p><b>Audit &amp; Risk Management Committee Minutes</b> The minutes of the Audit and Risk Management Committee meeting held 25 July 2012 were noted for information.</p> <p><b>Internal Audit &amp; Risk Management Attestation</b> The SESLHD Internal Audit &amp; Risk Management Attestation had been approved by the SESLHD Internal Audit &amp; Risk Management Committee and was noted by the SESLHD Board for information.</p> <p><b>Corporate Governance Attestation</b> The SESLHD Corporate Governance Attestation had been confirmed by the District Executive and received endorsement by the Audit &amp; Risk Management Committee.</p> <p><b>Resolution 153</b> "That the SESLHD Board approve the SESLHD Corporate Governance Attestation for 2011/12." <b>Moved:</b> R Boyd-Boland      <b>Seconded:</b> P Azarias      <b>Carried</b></p> <p><b>Community Advisory Committee</b> There was not update provided regarding the Community Advisory Committee.</p> <p><b>Sydney Metropolitan Aboriginal Health Partnerships Agreement</b> The minutes of the first Sydney Metropolitan Aboriginal Health Partnerships Agreement meeting, held in February, were not available at the time of the meeting and would be included in future agenda papers when available.</p> <p><b>Medical Staff Executive Council Minutes</b> The minutes of the Medical Staff Executive Council held on 25 July were noted for information.</p>
--	---	--

<b>PART D</b>	<b>BOARD ADMINISTRATION MATTERS (BOARD MEMBERS AND CE ONLY)</b>
Item 9	<b>BOARD ADMINISTRATIVE MATTERS</b>
9.1	<p><b>Minute of Board Meeting held 4 July (items 9-11)</b>          The Board endorsed the minutes (items 9-12) of the SESLHD Board meeting held 4 July 2012 as an accurate record of proceedings.</p> <p><b>Resolution 154</b>          "That the Board approve the minutes (items 9-12) of the SESLHD Board meeting held on 4 July 2012 as an accurate record of proceedings."  <b>Moved:</b> D Cansdell <b>Seconded:</b> R Farnsworth <b>Carried</b></p>
9.2	<p><b>Actions Arising</b>          The Board noted the action log (relating to items 9-11), for information.</p>
9.2.1	<div style="border: 1px solid black; padding: 20px; font-size: 24px; font-weight: bold;">Confidential Item</div>
9.2.2	<p><b>Letter to the Ministry of Health regarding the CE Contract Review Process</b>          The Board noted for information the letter sent to the Ministry of Health seeking further advice regarding the CE contract review process as discussed at the July Board meeting.</p>
9.3	<b>Board Governance Committee</b>
9.3.1	<p><b>Minutes of July Meeting</b>          The Board noted for information the minutes of the SESLHD Board Governance Committee meeting held on 25 July 2012.</p>
9.3.2	<p><b>Recommended CE Performance Review and Agreement Process</b>          The Board reviewed the recommendation made by the SESLHD Board Governance Committee that the CE Performance Review and Agreement be conducted by the Board and postponed to the October Board meeting due to the number of apologies received for the September meeting date.</p> <p><b>Resolution 155</b>          That the SESLHD Board:</p> <ul style="list-style-type: none"> <li>a) Approve the process for the Chief Executive 2011/12 Performance Review and 2012/13 Performance Agreement; and</li> <li>b) Approve the process being undertaken at the 3 October</li> </ul>



	<p>9.3.3</p> <p>9.3.4</p> <p>9.4</p>	<p>Board meeting.</p> <p><b>Moved:</b> R Boyd-Boland    <b>Seconded:</b> D Cansdell    <b>Carried</b></p> <p><b>Board Governance Forum</b> The Board noted the information provided in the agenda papers outlining the planned Board Governance Forum details.</p> <p><b>Board Induction and Education Program</b> The Board noted for information the brief provided outlining the proposed Board induction and ongoing education program to commence in 2013.</p> <p><b>Request for Approved Leave of Absence</b> Ms Patricia Azarias had submitted a request to the Board Chair for approved leave of absence from the September and October Board meeting dates. Mr Robert Boyd-Boland had submitted a request to the Board Chair for approved leave of absence from the September Board meeting date. The reason for these requests were due to overseas travel booked during these time periods.</p> <p><b>Resolution 156</b> That the SESLHD Board</p> <ul style="list-style-type: none"> <li>a) Approve the leave of absence of Ms Patricia Azarias from the 5 September and 3 October 2012 Board meetings; and</li> <li>b) Approve the leave of absence of Mr Robert Boyd-Boland from the 5 September 2012 Board meeting.</li> </ul> <p><b>Moved:</b> P Smerdely    <b>Seconded:</b> P Gonski    <b>Carried</b></p>
<p><b>Part E</b></p>	<p><b>CORRESPONDANCE</b></p>	
	<p>Item 10</p> <p>10.1</p> <p>10.2</p>	<p><b>CORRESPONDENCE RECEIVED</b> The Board noted for information the correspondence received register, as updated on 30 July 2012.</p> <p><b>Board Charter Correspondence</b> The Board noted the correspondence received by the SESLHD Board Chair from the Minister of Health relating to the roles and requirements of LHD Boards. The Board agreed that in response to the Minister's request for an annual report from the LHD Boards, that the Board Secretary would prepare a response for consideration by the Board at its September meeting.</p> <p><b>Resolution 157</b> "That the SESLHD Board seek the Board Secretary to draft a response to the Minister for Health's request for approval of the Board at its meeting on 5 September 2012."</p> <p><b>Moved:</b> P Gonski    <b>Seconded:</b> P Azaris    <b>Carried</b></p> <p><b>Board Directors Term Expiry</b> The Board noted that for 6 of the 11 Board members, the Board membership term was due to expire on 31 December 2012. The Ministry of Health had</p>

		<p>widely advertised an Expression of Interest for Board appointments. Current Board members whose term is due to expire at the end of the year and wished to be considered for reappointment were not required to submit a full application, but only a re-nomination form.</p> <p>SESLHD Board members whose term was due to expire were requested to complete the re-nomination form and return it to the SESLHD Board Chair through the Board Secretary.</p>
<b>Part F</b>	<b>MEETING CLOSE</b>	
	<b>Item 11</b>	<b>BUSINESS WITHOUT NOTICE</b>
	<b>11.1</b>	<p><b>Complex Reconstruction Surgery Activity</b> A clinical Board member requested the Chief Executive provide him with further information regarding the processes and performance data relating to paediatric patients who undergo complex surgery at Sydney Children's Hospital (to assist the Westmead Children's Hospital clinical workloads) and receive post-surgical care at the Royal Hospital for Women Neonatal Intensive Care Unit. These patients have extended stays at the RHW NICU unit because there are no beds available at the SCH.</p> <p><b>Action:</b> The Chief Executive agreed to take the query regarding the management of paediatric patients post complex surgery on notice and provide further information to the Board.</p>
	<b>11.2</b>	<p><b>Payment of Breast Screening Services</b> A Board member requested that the Chief Executive provide information on the funding model of the NSW Breast Screening Services which are hosted by the District in conjunction with the Cancer Institute.</p> <p><b>Action:</b> The Chief Executive agreed to take the query regarding the funding of the Breast Screening Services and provide further information to the Board.</p>
	<b>Item 12</b>	<b>NOTING OF CONFIDENTIAL ITEMS</b> Item 9.2.1 was noted as a confidential item.
<p><b>Meeting closed at: 6:00pm</b></p> <p>THE HON. MORRIS LEMMA Name</p> <p> Signature</p> <p>5/08/2012 Date</p>		