

NEW ZEALAND BLOOD SERVICE

Minutes – NZBS Board Meeting

Minutes of the NZBS Board

<u>Meeting held at:</u>	New Zealand Blood Service 71 Great South Road Epsom Auckland
<u>In attendance:</u>	Mr David Chamberlain (Chair) Dr Jackie Blue (Deputy Chair) Dr Bart Baker Ms Cathryn Lancaster Dr Paula Martin Ms Fiona Pimm Mr Ray Lind
<u>Apologies:</u>	None
<u>Management:</u>	Ms Sam Cliffe (CEO) Mr John Harrison (CFO)
<u>Board Secretariat:</u>	Karen Martin (acting Board Secretary)
<u>Date:</u>	30 May 2019

9.30am **BOARD ONLY TIME**

Board only time commenced at 9.32am and K Martin was asked to leave the meeting at 9.40am.

S Cliffe joined the meeting at 10.00am.

J Harrison and K Martin joined the meeting at 10:15am.

D Chamberlain mentioned to the Board that S Cliffe's objectives are still to be finalised. D Chamberlain to complete and circulate for comments.

ITEM 1.0 APOLOGIES

There were no apologies for this meeting.

ITEM 2.0 INTERESTS REGISTER

2.1 Updates to the Interest Register

F Pimm undertook to provide updates to her interest register and R Lind provided updates on his fees for Health Workforce and the Harvard Macy Institute.

2.2 Declarations of Conflicts of Interest for this Agenda

There were no conflicts of interest acknowledged for any items on the agenda

ITEM 3.0 MINUTES OF PREVIOUS MEETING/ACTIONS REPORT

3.1 Confirmation of Minutes – 28 March 2019

It was noted that it was not recorded that C Lancaster arrived at 9.45am, the fire drill should have read from 9:30-9:45am and the arrival time of J Scott should have read 10.45am

Motion: The presented minutes of the 28 March NZBS Board meeting were accepted as a true and correct record of that meeting with the above amendments.

Motion by: B Baker

Seconded by: F Pimm

Carried: All present in favour

3.2 Confirmation of Minutes of extraordinary Board Meeting - 2 May 2019

It was agreed to delete the sentence on page 2 on the paragraph starting 'There was discussion on how the DHBs ...'

Motion: The presented minutes of the extraordinary Board Teleconference on 2 May 2019 were accepted as a true and correct record of that meeting with the above amendment.

Motion by: P Martin

Seconded by: R Lind

Carried: All present in favour

3.3 Schedule of Outstanding Action Items from Previous Meetings

The status of all action items as outlined in agenda item 3.3 were noted.

The following action items were discussed:

Item 10.4 C Lancaster and J Harrison to collaborate on the financial reporting currently being received in the Board pack. C Lancaster favours a dashboard report and J Harrison agreed to discuss / progress as part of a broader Board education session. S Cliffe added that there has been a lot of KPI dashboard work done of late but was not yet ready to table with the Board. Ideally S Cliffe was expecting a daily report tracking KPI metrics together with weekly/monthly/yearly measures. S Cliffe would also like to see a set of Board agreed KPIs.

Item 3.2 R Lind advised the Board that the Harvard faculty recently presented to the Minister of Health a five-page proposal of a detailed programme for a three-day workshop on Governance training aimed at DHBs. It was planned for a Friday/Saturday/Sunday, with a panel discussion taking place at the end of Sunday with the Prime Minister, Minister of Health and others in attendance.

Cost would be individually funded for those in NZ which a current cost of \$5k per person plus the cost of travel. The Minister yet to decide on whether to devolve the workshop to the DHBs. Proposed dates are 20/21/22 February 2020. Harvard would provide case study methodology for teams to work through with a peer report. R Lind to keep the Board apprised on the progress of the workshop noting he would be away next week on a 10-day teaching session in Boston which would give him the opportunity to talk further with the faculty on the planned workshop.

3.3 Matters Arising (Not Covered Elsewhere)

Various Board members had completed Health & Safety visits around the country. B Baker noted on his visit to the Palmerston North Blood Bank and donor rooms this week that it was evident that the new staff member employed from Pathlab with health & safety experience had been very positive with improvements already in place.

J Blue had visited the mobile in Rotorua and noted she had been unaware of just what was involved in setting up, running and dismantling the mobile sites. The same team also service Gisborne and New Plymouth. S Cliffe advised the Board that NZBS was currently trialling the outsourcing of mobile pack up / set down. Dunedin had designed a trolley for their needs and the design may well be replicated in other areas. Further discussion ensued and S Cliffe acknowledged J Blue's comments.

C Lancaster was at Lincoln University by chance and popped in to see the mobile on site as they were setting up. C Lancaster advised that staff were happy and had secured a good room.

S Cliffe confirmed to the Board impromptu visits were perfectly acceptable. The Board acknowledged that the volunteers were amazing and S Cliffe advised one of our long-term volunteers Beth Malcolm had been nominated for a Ministry of Health Volunteer award.

D Chamberlain acknowledged to the Board that he is yet to visit a site in this rotation.

ITEM 4.0 CHAIRMAN'S REPORT

D Chamberlain advised he would follow up on the status of the Board appointment process.

ITEM 5.0 CEO's REPORT

S Cliffe presented the CEO's report and during discussion the following matters were specifically highlighted:

Strategic Overview

The past two months have been extremely busy. NZBS had experienced high demand for all fresh products as well as challenges in filling appointment slots. It is unusual to see this level of demand and pressure across multiple blood groups at the same time. The demand levels in turn placed pressure on keeping stock levels at adequate levels. There had been site closures over Easter and ANZAC in the mix as well. Stocks were now returning to adequate levels.

Organ Donation

S Cliffe advised in her report that a formal submission on the Bill to the Health Select Committee was made with D Chamberlain, P Martin and S Cliffe presenting this to the Select committee. D Chamberlain asked S Cliffe for the footage of the presentation and for S Cliffe to send the link to Board members.

S Cliffe met with ADHB yesterday but has not yet met with ODNZ. It was noted that ODNZ did send a submission to the Select Committee albeit a week late on 23rd May, which was the day after the Select Committee meeting. S Cliffe has not seen this submission and advised the Board that we have been very up front with ADHB as to what our submission contained. ADHB seemed uncomfortable about the broad scope if transplantation was to be included.

NZBS is hosting a Transplant Coordinators workshop which includes ODNZ staff on 11 June and S Cliffe will be opening the workshop. We are currently working through a proposal with ADHB on how we consult with ODNZ staff, this will also include involvement from Unions. S Cliffe also advised that our new CMO, Dr Sarah Morley will be involved in this process.

Serum Eye Drops

We have been making this product for well over 20 years with the product highly valued by patients and ophthalmologists. There had recently been a fault with the droppers. MedSafe was advised early and advised NZBS to initiate a product recall. The NZBS National Component Development Laboratory (NCDL) worked extremely hard to make sure patients were supplied with replacement product.

NZBS received some amazing letters from patients and contacts saying how well this matter had been managed by NZBS.

71 Great South Road Redevelopment

J Harrison advised the Board that the cost envelope remained within the overall budget envelope with a good measure of contingency still in place. The basement works business case will be bought back to the Board as this work sits outside the original redevelopment scoping document. The new \$14.0m multi option credit line (MOCL) facility was now in place.

The long-term Master Lease agreement (MLA) has been agreed as between Westpac and NZBS. The MLA provides long-term funding (10+5 years) and as each stage of the construction is completed it was planned to then transfer that stage to the long-term facility with a matching reduction in the MOCL.

S.9 (2) (b) (ii)

S.9 (2) (b) (ii)

. The interaction with Dilworth had been hampered by key Dilworth personnel changes in late 2018 / early 2019 but J Harrison considered the new Dilworth personnel were now fully up to speed. J Harrison was expecting to have successfully concluded the rental / redevelopment contribution matters by mid-July.

J Harrison noted Stage 2a civil works contract was ready for execution. Overall J Harrison was happy with how the redevelopment was progressing. NZBS had reviewed the stage 1 National Office execution and identified learnings that will assist in improving the complex stage 3 process. These learnings covered the tendering process and the importance of ensuring within that process that the tenderers fully understand the NZBS operating environment and the requirement for a good portion of out of normal hours engagement to be allowed for. The second learning was the need to be more proactive on the Health & Safety management which was now happening with the stages now in execution.

By July NZBS will have three contracts under execution. J Harrison acknowledged the success of appointing a dedicated Redevelopment Project Manager. R Lind noted he was impressed with the quality and management of this project. S Cliffe acknowledged J Harrison's excellent work in managing this project and the Board acknowledged this as well.

Waikato DHB – Waikato Tenancy

S Cliffe updated on the NZBS tenancy on the Waikato DHB campus advising the Board that it would be impossible to relocate the facility within the year's notice given by the WDHB. Relocation timing was complicated by the possibility of relocating the processing function to Auckland which was tied to the completion of the Stage 3 works at 71 GSR, Epsom.

J Harrison confirmed a new Deed of Lease was executed last August 2018 which provided tenancy rights to 30 June 2023. NZBS had signed the Deed in good faith but Waikato DHB had not signed it as they wanted to insert a relocation clause which NZBS had objected to as 12 months notice was unreasonable to NZBS. The relocation clause had been debated ever since between the parties. J Harrison had received legal advice that the part performed Deed would likely be enforced by the Courts if such an action was instigated.

S Cliffe had spoken to the Waikato DHB Crown Monitor on this matter. The Board would like S Cliffe to have further discussions with the Waikato DHB.

ISBT 128

S Cliffe thanked the Board for their support of this project. The working group has been established with John Cox as Project Manager. This is a big project noting there is a \$4m capital marker currently allowed for in the 4 year Capital Plan. The business case needs to present a solid case for an investment of this expected magnitude. C Lancaster stated we need to be clear around what the benefits are as this is not presently easily understood. Clearly articulating the benefits assists in subsequently confirming whether those benefits have been delivered / achieved.

Plasma Product Delivery Framework

The Board were advised there was an imminent need to replace some of the apheresis machines and the Board so noted. In doing so the Board felt they needed more education around all the complex variables involved in plasma supply.

Board Education Day

A discussion took place regarding an all-day education session for Board members involving the clinical, technical and financial aspects of the business. S Cliffe was to formulate a programme around this session and to assemble the right information with any pre-reading circulated beforehand. Wednesday 28th August was suggested as this aligned with the next Board meeting being held on Thursday 29th August. All Board members were asked to diarise this day. S Cliffe will look at organising an informal dinner with some of the senior team on the Wednesday night.

Motion: The Board received and noted the CEO Report and appendices.

Motion by: J Blue

Seconded by: C Lancaster

Carried: All present in favour

ITEM 6.0 DECISION PAPERS

6.1 S.9 (2) (b) (ii)

J Harrison confirmed [REDACTED] had signed the Design & Construction Management Agreement and advised the Board the document had been legally reviewed and approved by Buddle Finlay for Board sign off. J Harrison was seeking Board approval for D Chamberlain as Board Chair to execute the agreement on behalf of NZBS.

Motion: S.9 (2) (b) (ii)

The Board further authorised the Board Chair to execute the Agreement on behalf of NZBS.

Motion by: C Lancaster

Seconded by: F Pimm

Carried: All present in favour

D Chamberlain so executed the Agreement at the end of the Board meeting.

6.2 2019/20 Annual Statement of Performance Expectations – Version for Tabling

J Harrison advised the Board that the SPE had been circulated to Audit NZ and the MoH, as well as the Board. J Harrison confirmed all feedback had now be incorporated in the tabled document. Board discussion followed with P Martin making a general observation regarding the description of our output, particularly the output about supply and delivery of other products and related services as it seems to cover quite a number of products and activities and therefore was not very transparent as to what is covered. Going forward we may need to look at being more transparent and what the 'Output' heading actually represents.

Motion: The Board having reviewed the final marked up version of the 2019/20 Statement of Performance Expectations formally approved the document and hereby authorised;

- 1) the Board Chair, the Deputy Chair and the Chief Executive Officer to sign the 2019/20 SPE on behalf of NZBS with an approval date of 30 May 2019,
- 2) to forward the executed 2019/20 SPE (2 copies) to the Minister of Health seeking approval to table the document in the House,
- 3) post Ministerial approval to then send the required number of copies (30 historically) to the Clerk of the House in time to ensure the NZBS 2019/20 SPE is tabled prior to 30 June 2019.

Motion by: P Martin

Seconded by: C Lancaster

Carried: All present in favour

6.3 2019/20 Price Rebate to DHBs – a Nil Recommendation

The NZBS Board received and endorsed the assessment paper setting out the following:

- 1) noting in accordance with the requirements of the Financial Guidelines policy a DHB price rebate assessment for the 2018/19 financial year has been undertaken,
- 2) endorsed the assessment recommendation that no DHB price rebate be declared for the financial year ended 30 June 2019
- 3) and Requested the Chief Executive Officer communicate the Board's decision to the Lead DHB CEO as the nominated representative of the DHB sector on matters NZBS.

Motion by: F Pimm
Seconded by: B Baker
Carried: All present in favour

6.4 Financial Guidelines Policy – Annual Review

J Harrison advised the Board this was an important policy document as it frames NZBS financial management and provides a measure of transparency to the DHBs on the subject if required. This policy also provides the mechanism to rebate any surplus back to the DHBs. C Lancaster observed the current policy's conservative debt ratio setting. With ISBT 128 a big capital-intensive project as previously noted as well as the likely Waikato tenancy relocation (a \$2-3m likely spend) J Harrison believed it was an appropriate time to review the debt level setting.

D Chamberlain noted the moderate debt range of 35% to 45% and felt with all the matters in front of NZBS a shift to the 45% upper setting was justified and appropriate. J Harrison concurred with moving to the upper limit 45% debt cap. J Harrison noted any change to the policy is required to be communicated to the Ministry noting they took a very keen interest in last year's policy changes.

The Chair did not want the change to be seen as reactionary but equally didn't want to see incremental increases year to year, rather a debt cap setting that enabled NZBS to appropriately accommodate all required development initiatives without undue constraint. R Lind stated that since debt was cheap presently that assisted greatly in ensuring productive investments could be made. D Chamberlain noted the debt ratio lowered again over time, providing the capacity for further investment in the future.

J Harrison expected maximum debt exposure to be the point of the completion of the 71GSR redevelopment that now is expected to stretch into 2022. The term debt facility planned for the redevelopment works had the interest rate struck off the 10-year bond rate plus a 2% margin which will likely see rates under 4% over most of the redevelopment timeframe.

R Lind raised the question of what kind of innovations will materially improve our service and health system given the ability to utilise the current low debt ratio. J Harrison advised the Board the redevelopment funding was now expected to be more spread over time such staggering likely providing additional borrowing capacity if needed. Historically NZBS had prided itself on its financial prudence and the meeting of all statutory requirements.

The Board agreed that the proposed lift in the debt cap to 45% rather than changing incrementally every year. J Harrison to update the policy for this change.

Motion: The Board:

- 1) Reviewed the Financial Guidelines policy with the changes as presented and approved the amended policy document together with the change arising from the Board's review.
- 2) Authorised management to provide a copy of the amended policy to the Ministry of Health in compliance with the Minister of Health's stipulated requirement in his letter of 29 July 2013

Motion by: J Blue
Seconded by: C Lancaster
Carried: All present in favour

6.5 Annual Review of the Treasury Policy

The Board noted the tabled Treasury policy with a further change required for the Debt cap change to 45% as per the amendment to the Financial Guidelines policy.

Motion: The Board:

- 1) reviewed the updated Treasury Policy noting the recommended changes as marked-up and approved the updated Treasury Policy together with the debt cap change arising from the Board's review of the Financial Guidelines policy.
- 2) confirmed, based on management recommendation, the reappointment of Bancorp Treasury Services for a further 12-month term, as the Treasury advisor to New Zealand Blood Service.

Motion by: R Lancaster
Seconded by: F Pimm
Carried: All present in favour

6.6 Adverse Fractionation Event Policy – Annual Review

NZBS has had two fractionation incidents over the last 20 years noting the testing and associated protocols have progressively improved over time. The CSL Toll Manufacturing Agreement clearly defines where the respective responsibilities lie as between CSL and NZBS over the manufacturing timeframe. F Pimm queried now the cost had increased to over \$5.0m does the risk move into the catastrophic category – If not then do we need to adjust the threshold settings? D Chamberlain asked S Cliffe to review with her executives at the appropriate time these threshold settings.
Action: S Cliffe.

Motion: The Board:

- 1) approved the updated Adverse Fractionation Events policy together with any Board required changes and in so approving.
- 2) noted that no increase in the reserve balance is recommended leaving the reserve balance at \$4.0m as at 30 June 2019
- 3) endorsed that the Board Insurance Policy cover be maintained at \$2.0m cover on policy renewal, effective 1 January 2020.

Motion by: C Lancaster

Seconded by: F Pimm

Carried: All present in favour

6.7 S.9 (2) (b) (ii)

Serum Eye Drops (SEDs) have been manufactured by NZBS for New Zealanders with ocular conditions since 2003. SEDs are only currently manufactured in our Auckland facility for the whole country. **S.9 (2) (b) (ii)**

Motion: The Board:

- 1) **S.9 (2) (b) (ii)**
- 2) Noted that a business case with full costings will be brought back to the NZBS Board for final approval of the planned replacement system.

Motion by: R Lind

Seconded by: B Baker

Carried: All present in favour

6.8 Approval for the procurement of new Flow Cytometers (white blood cell counting)

There is a need to replace at Auckland and Christchurch the existing cytometers with two new instruments with the two older systems remaining in the Waikato and Wellington regions. These older instruments will be replaced over the next couple of years. J Harrison advised the Board that this equipment was budgeted capital expenditure noting these instruments are part of the core business activity.

Motion: The Board:

- 1) noted that a formal RFP process was operated by NZBS for the purchase of flow cytometers and the associated reagents and;
- 2) **S.9 (2) (b) (ii)**
- 3) noted that only one supplier submitted a tender for the supply of flow cytometers and the associated reagents.
- 4) **S.9 (2) (b) (ii)**
- 5) authorised and delegated to the Chief Executive Officer the authority to execute the finalised contract with **S.9 (2) (b) (ii)** on behalf of the New Zealand Blood Service.

Motion by: P Martin

Seconded by: R Lind

Carried: All present in favour

ITEM 7.0 DISCUSSION PAPERS

7.1 eTraceline post implementation review

The Board were presented with a post implementation review of the eTraceline blood bank management system. Referencing the business case NZBS considered we are where we intended to be. eTraceline does give us the ability to utilise Smart Fridge technology and we are currently working with MAK on which smart fridges are most suitable.

In terms of key objectives, the system is safe and supported, aligns with eProgesa and provides the platform for smart fridge technology. However, the implementation was much more complex than was originally anticipated. At the time Scotland were using Traceline but not eTraceline and there were a couple of users in the United States but no like for like with NZBS requirements. NZBS planned to connect 36 blood banks to the system (a world first) which along with the number of products to be managed were the main drivers of the increased complexity.

These factors made implementation far more complex than MAK had envisaged and they were somewhat unprepared for the implications of that number of blood banks. S Cliffe confirmed to the Board that in the table on Page 16 of the paper the 'brown' indicates the matter is still outstanding.

S Cliffe requested if the Board had any further technical questions to send them to her and she will get a response from C Van Tilburg (currently overseas at IMUG). There is a separate project currently being undertaken on smart fridges. The Board was further advised that MAK have staff in Paris, London and Croatia and have software systems for blood banks and hospitals in Australia, Ireland, Holland, Scotland, Singapore and with various large systems in America (about 24/25 countries in total) that are supported by MAK- System (a lot of English speaking countries that we can swap notes with).

Importantly there is a well-established international MAK User Group (IMUG) that meets twice a year and two NZBS staff have been sent to the current IMUG (C Van Tilburg and Mark Bevan the BMS Manager). S Cliffe did acknowledge that 4-5 years ago the relationship with MAK was not as it should be but this had improved over the last few years. While there are other software suppliers in the world, to change would come at an extremely high price, however S Cliffe noted the Board's concerns about single supplier reliance.

The Board noted that they have received and reviewed the report.

Motion by: J Blue
Seconded by: R Lind
Carried: All present in favour

ITEM 8 MONTHLY/REGULAR REPORTS

8.1 Director Finance Report – Financial Performance – 10 months to 30 April 2019

J Harrison took the Director Finance's report as read and noted that financially the reported position was considered a satisfactory position. On current forecast demand, NZBS is on track to report a small surplus albeit dependent on a spot rate at 30 June of 0.9350 and no unexpected accruals at balance date. The level of liability for the Holiday Pay Act remediation is currently being updated back to 2010 based on the MBIE/DHB Framework's updated settings. The current provision sits at \$484k and the current forecast has allowed for that figure to increase to around \$880k. The remediation uncertainty aside everything is generally looking positive heading to balance date.

Motion: The Board received and noted the Directors Finance report

Motion by: C Lancaster
Seconded by: R Lind
Carried: All present in favour

8.2 Q3 Organisation Health & Safety Report

PSA haven't engaged or responded in a timely manner re the ongoing Periodic Driver Medical Programme dispute. We believe this is a good initiative for our drivers, for the people they are carrying, products and other drivers on the road. It's not our drivers who are rejecting this initiative it's the PSA and this is extremely frustrating.

S Cliffe advised the Board of her disappointment in the uptake of the flu vaccination. DHBs have done much better. We are getting push back from staff with the message we do not want to be vaccinated. The lowest uptake appears to be our nurses and this seems to always have been the case.

Motion: The Q3 Organisation Health & Safety Report was received and noted

Motion by: B Baker

Seconded by: P Martin

Carried: All present in favour

8.3 Q3 Contracts & Leases Register

J Harrison advised the Board of the successful termination of the lease for 11 Great South Road, Epsom.

The Contracts & Leases Register was received and noted by the Board.

8.4 Q3 Statement of Performance Monitoring Report

J Harrison advised that the Q3 Statement of Performance Monitoring Report has been sent to the Ministry.

The Statement of Performance Monitoring Report was received and noted by the Board.

8.5 Q3 Board Expenditure Overview

S Cliffe advised the Board that this was a new item for information only and will be provided on a quarterly basis in order to give Board members better transparency on Board member expenditures. D Chamberlain supported with this initiative. R Lind queried his travel amount under Q2. V Siddins undertook to investigate and advise on the outcome.

Received and noted by Board

8.6 Q3 Cybersecurity Report

S Cliffe advised that we continue to work through recommendations previously presented by KPMG and this is progressing well.

The Q3 cybersecurity report was received and noted by Board

Motion by: C Lancaster

Seconded by: R Lind

Carried: All present in favour

ITEM 9 INFORMATION PAPER

9.1 2018/19 Year in Review

S Cliffe presented the foreword to the 2018/19 Annual Report which will be published in September. D Chamberlain was happy to take comments on what the Board would like to see. S Cliffe advised that there would be a fold out in our Annual review of our 20-year history timeline and the Board would see a draft prior to publication.

S Cliffe also advised the Board that there would be a separate supplement on the Christchurch Incident on 15 March. Liz Thrift, Transfusion Nurse Specialist (TNS) is to discuss the Christchurch Incident at a presentation at Blood 2019 being held in Perth in October 2019. S Cliffe would look at getting this published internationally and would like the story from the perspective of the laboratory staff as well as those of the TMS/TNS personnel. B Baker acknowledged that the Christchurch incident was incredibly well managed. S Cliffe asked the Board to provide any further feedback on this matter to her.

ITEM 10 Correspondence

10.1 Letter from Auditor-General - 21 March 2019

The letter received from the Auditor-General dated 21 March 2019 was noted by the Board.

10.2 Letter from MBIE/Internal Affairs re NZBN Implementation – 3 April 2019

The letter from MBIE/Internal Affairs re NZBN Implementation dated 3 April 2019 was noted by the Board.

10.3 NZBS Submission to the Health Select Committee on the Organ Donors and Related Matters Bill

The Submission to the Health Select Committee on Organ Donors and Related Matters Bill on 14 May was noted by the Board.

ITEM 11 General Business

Christchurch Blood Bank

S Cliffe advised the Board that Dr P Flanagan had recently sent a letter to the CMO of CDHB re the relocation of the Christchurch Blood Bank. The response back was understanding but noted the matter was in the hands of the Ministry.

ITEM 12 Board Matters

12.1 Board Work Programme and Calendar

The NZBS Board Work Programme was noted by the Board.

12.2 Board Member Tenure Timetable

The Board Member Tenure Timetable was noted by the Board.

ITEM 13 Next Meeting

13.1 The next Board meeting is a Teleconference on the 2018/19 financial results scheduled for Thursday, 1 August, commencing at 9.30am

Close of Meeting: The meeting closed at 3:20pm.

Certified as a true and correct record:



David Chamberlain – Board Chair