

NEW ZEALAND BLOOD SERVICE

Minutes – NZBS Board Meeting

Minutes of the NZBS Board

Meeting held at: by video conference and at
71 Great South Road
Epsom
Auckland

In attendance: Mr David Chamberlain (Chair)
Dr Jackie Blue (Deputy Chair)
Dr Bart Baker
Dr Paula Martin
Ms Fiona Pimm
Mr Ray Lind
Ms Edie Moke

Apologies: None

Management: Ms Sam Cliffe (Chief Executive)
Mr John Harrison (Finance Director)

Board Secretariat: Vanessa Siddins (Board Secretary)

Date: 29 October 2020

The Board meeting commenced at 9.30am.

ITEM 1.0 APOLOGIES

There were no apologies for this meeting.

ITEM 2.0 INTERESTS REGISTER

2.1 Updates to the Interest Register

E Moke advised that she is no longer a Trustee of Nga Taonga Sound and Vision.

2.2 Declarations of Conflicts of Interest for this Agenda

There were no updates to the interest register.

ITEM 3.0 MINUTES OF PREVIOUS MEETING/ACTIONS REPORT

3.1 Confirmation of Minutes – 26 August 2020 Board meeting

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

Motion by: F Pimm

Seconded by: E Moke

Carried: All present in favour

3.2 Confirmation of Minutes Board Meeting – 9 October extraordinary Board meeting

The Chair advised that V Siddins would circulate the tracked changes that P Martin had made to the 9 October Board minutes for their approval by email.

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 5.2 S Cliffe noted that the Adverse Events Policy was on today's agenda therefore this item could be closed.

Annual Board Health & Safety visits: D Chamberlain will look to visit Auckland Blood Bank soon.

3.3 Matters Arising (Not Covered Elsewhere)

Organ donation to be discussed in the CEOs report.

ITEM 4.0 CHAIRMAN'S REPORT

D Chamberlain advised that there was nothing to report.

S Morley joined meeting 9.35am

ITEM 5.0 CEO's REPORT

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

The demand for immunoglobulin (Ig) is down, although there is confidence that it will pick up again at the beginning of next year. Currently the only Covid related issue we have is related to transport, for example recently a flight shipping plasma to Melbourne was cancelled. Plasma collecting is not without its challenges, but is generally going well with the organisation's best ever plasma collection day yesterday.

ODNZ Operational Service Transfer

The ODNZ transfer is due to take place on 30 November and there are no logistical issues that would hold this up. There are however issues with the transfer and funding. S Cliffe is travelling to Wellington on Friday, 30 October and meeting Jess Smaling and John Hazeldine at the Ministry. We have been given \$1.73m funding per annum, however ODNZ have been constantly overspending for the last couple of years and it is probably \$1m short to run the current business in an appropriate manner. The ODNZ system is fragile and they don't have enough resource to safely operate the current service, eg hours they are working. The point needs to be raised that NZBS hasn't been funded for establishment costs and the organisation is having to absorb costs including the fit out of office space.

S.9 (2) (a)



Discussion followed that the Board should evoke the no surprises rule as soon as possible with the Ministry around this untenable situation. As soon as the new Minister of Health is appointed we should seek an urgent meeting. S Cliffe advised she would document the situation and bring it up with the Ministry tomorrow. S.9 (2) (a)

. It was felt that we need a joined up funding conversation with the Ministry now we have a clearer view.

There was further discussion about the monies that NZBS had already absorbed, ie fit out, project management and other NZSBS staff costs that should also be added into the figures when talking to the Ministry.

S Cliffe noted that the view from the Board was clear and she would articulate that tomorrow at the Ministry meeting with Jess Smaling and John Hazledine, then will follow up with a memo.

It was suggested that J Harrison contact Auckland DHB CFO Justine White and request the last two years figures on overhead and operational costs to help validate our conversations with the Minister.

S Cliffe is working on the BIM and a draft of that document will go to the Ministry before being sent to the Minister of Health. As soon as we know who that Minister is, we can be clear about the messages we want to give. Discussion followed on how to get all the issues in one briefing for the new Minister and any secondary briefings. It was discussed that the objective of the BIM is to encourage the Minister to meet with us to discuss developmental opportunities that improve population health outcomes. The equity injection and other paper could be added as appendices to the BIM.

Whangarei blood bank

S Cliffe advised that next week IANZ will make the decision if Whangarei Hospital would lose the entire or partial laboratory accreditation. S Morley visited Whangarei blood bank recently and was extremely concerned and documented those concerns around the blood bank. She had also communicated this to Northland DHB and the Ministry CMO and we have offered our support. NZBS Management remain unconvinced senior management in the DHB are taking this as seriously as they should. Management are concerned about the blood bank staff and we know they are looking for other roles, including with NZBS.

The biggest concerns focused around staffing and negative culture leading to staff not feeling safe at work and performing their roles. This was discussed at length with middle management and their team. NZBS is currently supporting them with technical work. Overlying this, there is a large consultation with the laboratory which is causing friction between unions and management. NZBS has probably done all we can until we have been asked to do more. S Cliffe advised that the risk to the organisation is that we can't pick it up and there is no desire to run a remote Blood Bank. The Blood Bank are very dependent on their team leader who is ex NZBS. It was agreed that we should wait until the IANZ outcome on 9 November before any further action from is taken.

71 Great South Road Governance report

S Cliffe noted that it was an important decision to put stage 3 on pause, however the Executive needed to make sure the organisation is fit for the future. We have now determined we need a satellite site in Auckland as the current site won't work for what we need in the advanced processing facilities and the future handling and logistics for plasma being sent to Australia. Management are beginning to develop a business case for Board consideration and will adjust the equity plan for this. Reasoning includes;

- Deficiencies in the current building itself which we didn't know about until we started the redevelopment.
- Ongoing development of the cellular therapy technologies,
- Clinical practices different to what we planned,
- Taking on the heart valve bank earlier than expected,
- Additional skin and potentially corneal tissue that will need additional storage.
- Clean room space that needs a particular environment that we can't put in our current space.
- In the future we will ship over 100 tonnes of plasma to CSL and we have recently found out that our current floor is not safe enough to take this loading and it will be a health and safety issue.
- ODNZ will need more space.

S Cliffe noted that with S Morley coming in as the CMO, she had seen our space with a new set of eyes and the case is really compelling. S Morley added that the key issue will be the clean rooms as we are putting a strain on things now with the closure of Waikato. Tissue work needs a higher standard of clean room work and this is set to increase when we factor in the additional tissue work with the heart valve bank. We don't have enough space for what we are doing in the next five years. Functions that potentially will go out would include a properly designed logistics warehouse for plasma. A new site would allow us to build modular clean rooms inside a warehouse. It was also noted that Auckland is where patient facing services are and flights to Melbourne which both exclude moving of services to the Christchurch site.

S Cliffe advised that a full business case is being developed and she believes it will be compelling. There was discussion around the freeing up of space at 71GSR for services such as the expansion of ODNZ and other new services. This would also make the staging of Stage 3 works easier and there would be some offset of costs. We need to make it clear the changes and expansion of services weren't predictable and we can offer more than ever before.

S Cliffe noted that we did know the building had its limitations and we had looked at greenfield sites, however it was going to cost at least double. This building will have good future proof space here but it can't do everything. CSL are now talking about container shipping for plasma and we are already using Hellmann's for finished product storage however we don't particularly want external parties looking after our plasma. Our preference would be to have the satellite site closer to Epsom than the airport as it's more important to rent a more suitable space for our purposes. A draft business case will come to the 3 December Board meeting

Motion: The Board received and noted the CEO report including a discussion on the redevelopment appendix paper.

Motion by: J Blue

Seconded by: R Lind

Carried: All present in favour

ITEM 6.0 DECISION PAPERS

6.1 Delegated Authorities Policy

S Cliffe took the paper as read and advised that it had been reviewed by the Executive which will hopefully make things simpler for staff.

E Moke noted that on page 58 of 235 we need to change to Exec delegation up to 50k and make CEO from 50k-150k.

D Chamberlain asked how will this work with ODNZ noting that they would have reasonable expenditure, hiring planes etc. S Cliffe will make a note to work that in as an addition and added that NZBS are working through a service level agreement with Auckland DHB, ie coordinating chartering of planes.

D Chamberlain noted that it would be useful to get rid of the inconsistent acronyms, eg HRA, HR advisor HR and check for instances of the National Medical Director when it should be CMO. He also noted that it's not necessary to be so specific on car rentals eg 1.8L or 2L.

Motion: The NZBS Board formally reviewed the draft Policy on Delegated Authorities and following discussion approved the updated Delegated Authorities policy incorporating the additional changes arising from the Board review and discussion.

Motion by: B Baker

Seconded by: E Moke

Carried: All present in favour

6.2 Adverse Financial Events Policy

J Harrison noted this paper is a complete reset so did not mark the document up, he has treated it as a brand new document driven by the Covid -19 pandemic perspective. This organisation is a national provider and are naturally weighted to be conservative. The speed in which we dipped into the reserves during the Covid lockdown has shown us that the reality is our business model is not equipped for such events and we need to accept that if anything north of \$5m insurance cover is needed then we talk to our shareholder as we did with Covid recovery monies. The main change is we now cap self-reliance at \$5m, noting it currently sits at \$4m as the first line of defence before turning to our shareholder. If we are clear about the fact that we are capped then we are clear when we talk to them.

B Baker commented that the current reserve of \$5m covers the loss of a pool, however when we go to the new process with much bigger pools, this won't cover the loss of a 24 tonne pool? J Harrison responded that the CSL new pooling will have potentially significant implications for the business going forward. D Chamberlain added that this is a yearly review therefore could be increased if needed. The issue is what is a reasonable level of self-reliance? J Harrison sees it as a buffer and a recognition that we can only do so much under self-reliance and that our shareholder is our first port of call over our own capacity.

There was discussion around the chances of losing a whole pool and we may like the shareholder to know when we have a crisis like the loss of a pool. There was further discussion around what the policy was saying, what it covered and can we afford \$5m. J Harrison referenced the intention to bring this up to \$5m in the 2021/22 budget process noting it is not in current budget forecasts. It is designed to give flexibility if there were an event outside of our normal business practice and gives us a degree of financial resilience. This policy was previously specific to the fractionation process and in March the Board agreed to broaden this. Access to the reserve would be subject to Board approval. D Chamberlain confirmed that moving from a \$4m to a \$5m cap would come back to the Board for approval. This policy is more generalised and is certainly not a commitment this year or next year to go from \$4m to \$5m.

D Chamberlain explained that when Covid hit we couldn't use the \$4m as the policy stated it was an Adverse Fractionation Event Policy, that is why it was approved at the March Board meeting to use the reserve. Now the policy is for a broader adverse event. J Harrison advised that he is happy to amend the policy if that would help. The policy has proven itself as a first line of defence. Useful to highlight in the financial statements that the business has inherent risk in it.

After some discussion around the cap of \$5m it was decided to either change the wording in the policy or defer. J Harrison advised he would reword the policy removing reference to a cap and orientate more to a 'first line' of defence and bring back to the Board for a second review.

Board received the Adverse Financial Events Policy and expected a revised policy at a subsequent Board meeting.

6.3 RFP tender Bacterial Testing Equipment

S Cliffe noted that this paper has come to the Board because the quantum of spend is \$3m over a seven year period and is seeking approval from the Board for the CEO to authorise on behalf of NZBS. The current system is 10 years old and due for replacement. There has been a robust RFP process with a 60 month contract as a lease arrangement. This will replace all our machines and this replacement had been planned and budgeted for quite some time. It will also increase the capacity for redundancy as the system is currently fragile if a machine goes down.

There were only two respondents to the RFP as there are not a lot of companies making this specialist equipment and neither responder was perfect. We are going with a more modern version from the current provider of the existing equipment with a modern operating system which is important on the IT side.

Motion: The Board having considered the recommendation from the NZBS evaluation panel;

1. Noted that a formal RFP process was operated by NZBS for the purchase of BacT Systems and the associated consumables,
2. Noted that only one supplier met the requirements of the tender in full,
3. **S.9 (b) (ii)**

Motion by: R Lind

Seconded by: F Pimm

Carried: All present in favour

6.4 Update on 30 June 2020 Accounts and timeline to Audit NZ Completion

J Harrison advised that Audit NZ have committed to full account clearance by no later than 15 November which will include the late adjustment to the Holidays Act remediation requirements. Therefore, the 30 June 2020 accounts approval and sign off process will be on the agenda at the 3 December Board meeting. The major change to the prior position has been the Holidays Act work with EY and their assessment of a liability provision which calculated significantly higher than NZBS allowances for the liability.

There was a level of complexity to digitise manual timesheets since 2010 which was used as a sampling basis as an assessment of likely liability where the determination was that we were under provided. We will need to take an additional \$1.2m provision adjustment which was fortuitous with the accounts not yet signed. The adjusted financial accounts increased our earnings deficit to a \$4.8m deficit. This significant increase in accrual for the Holidays Act sees a provision balance of \$2.7m. J Harrison is working through these matters with Audit NZ who are making good progress noting other

DHBs had also used EY for this Holidays Act work. The second point to note is this adjustment has tripped the interest cover banking covenant to a negative interest cover. The Bank accepts that there had been a breach and they have signalled they acknowledged the breach and will waive any and all rights for this specific instance. The third point will be updating the financial projections contained in the 2021/22 SPE as this adjustment is material to the base year in the financial forecasts within the SPE document.

Motion: The Board noted the late material change to the 30 June 2020 financial statements with such change meaning:

1. Additional audit work is now required by Audit NZ meaning the audit is now planned to be completed by mid-November 2020,
2. The increase in reported deficit has triggered a possible banking breach with Westpac bank formally notified of the potential breach. NZBS is awaiting a formal response from Westpac as to whether, in their view a breach has occurred.
3. The requirement to also update the 2020/21 SPE financial projections with the updated 2020/21 SPE document to be resubmitted to the Ministry for tabling no later than 30 November 2020,
4. The expectation the 30 June 2020 formal sign-off and issuance of Audit opinion will now take place at the 3 December 2020 Board meeting.

Motion by: F Pimm

Seconded by: E Moke

Carried: All present in favour

6.5 Holiday Act Remediation – Approval of next Steps in Rectification and Remediation process

J Harrison explained that the interpretation of the Holidays Act is complex and there is no payroll system that is perfect, therefore there is always going to be a need for an intermediate manual interface for holiday payment calculations. Apologies to the Board as the rectification work was far more complex than originally envisaged. J Harrison noted that he had just today submitted the finalised CFIS return as the Ministry had asked us to be specific on our Holidays Act remediation provisioning.

D Chamberlain noted that when the SPE is updated he would like to see the Westpac letter.

Discussion followed on the cost of EY engagement and whether we could have done that work ourselves. The cost for engaging EY in this complex undertaking of system rectification and employee remediation was estimated at \$500k. J Harrison noted that as part of the MOU there needed to be robust independent rectification of the payroll system and then remediation of all affected employees, present and past with MBIE and Union representatives also engaged as part of this process. We need to get our current payroll system as compliant as possible and will need EY to assist us in working with Datacom to do that.

Motion: NZBS having completed the designated Stage 1 works of the Holidays Act 2003 remediation process was now ready to commence Stage 2 which requires the engagement of expert payroll professionals to provide advice and service support to the Stage 2 execution as required under the sector MOU. Having established a working relationship with EY for Stage 1, NZBS is planning to engage EY as its Stage 2 service provider and has tabled the EY proposal with the Board for its information. Accordingly, the Board;

1. noted the planned commencement of Stage 2 of the Holidays Act remediation process and approve the engagement of EY to provide support and specialist services to NZBS for all required Stage 2 activities.
2. approved the unbudgeted cost for the EY engagement quoted as between \$460,000 and \$540,000.
3. delegated to the CEO the execution of the EY contract for their Stage 2 Holidays Act service provision in accordance with the service proposal tabled at the October Board meeting.

Motion by: B Baker

Seconded by: R Lind

Carried: All present in favour

Lunch break 12.40-1.15pm

ITEM 7.0 DISCUSSION PAPERS

7.1 Behaviour Deferral Discussion paper

D Chamberlain noted that this is a discussion paper rather than a decision paper as it's a clinical decision not a governance one. S Cliffe advised that the recommendation at the 28 May Board meeting was for the submission to go to Medsafe.

S Morley advised the application to Medsafe was accepted on 9 September and that part of that application was our action plan. This is the third time we have implemented a change in our deferral period on this scale and have mapped this to the previous instances. The action and communications plans were included in the papers to help the Board understand how the changes would be implemented.

The team are aiming for 14 December as the go live date with a lot of the action planning being completed and the outstanding work predominantly around staff and computer changes. We also need to inform CSL of the change to our standards and they need to implement and include this in their Plasma Master File for all the product they created from NZBS plasma. We are expecting confirmation of this from CSL by 13 November and if their response is delayed we will push the go live date out to next February 2021. The preference is for the December date as we are slow moving on this internationally and fairly well aligned with Australian colleagues.

In terms of communications to internal and external stakeholders, Atlantis Health who run our call centre and our PR agency, will begin early communications as we anticipate interest from news agencies. We will start firming up bottom drawer statements in next few weeks as we know the kinds of questions we will get. S Morley felt it was a timely change and was happy we are in a safe place to go ahead as long as we have the confirmation from CSL. S Cliffe added that this will form part of BIM and there will be a specific briefing for the Minister before media and special interests' groups. S Cliffe will draft a letter for D Chamberlain's review to the new Minister and Ministry **ACTION 5.2**

There was a discussion about being clear around decision rights as it was not clear when this last came to the Board who was making the decision and this needs to be clear in future particularly for new Board members. Should it be S Cliffe and S Morley writing to the Minister instead of the Board Chair given this is seen as a clinical decision based on international best practice. S Cliffe to check who sent it last time.

The Chair thanked everyone involved for all the effort that had gone into this. It was noted that Peter Flanagan will deal with most of media or Sarah Morley.

Motion: The Board received and noted the report implementation and communication plans for the Medsafe approved change in Behavioural Donor Criteria. The Board would like it recorded that they thanked everyone who was involved.

Motion by: F Pimm

Seconded by: B Baker

Carried: All present in favour

7.2 Equity Request Proposal – Draft for discussion

S Cliffe noted there should be nothing the Board had not seen before in this proposal apart from the satellite site as mentioned earlier. We don't yet know what the budget bid template looks like or timing for it. We had advised the previous Minister that we would be seeking \$15m however now we are seeking \$19m equity injection over several financial years. This situation is due to NZBS not owning infrastructure and this is the first time we have asked for this, noting we have had our hand forced by DHB landlord actions.

We are well down the path with the Waikato facility, however we lost the property that the Board agreed we could enter into discussions on. NZBS has subsequently found another suitable site. S Cliffe is keeping the Ministry informed and taking advice from Peter Jane on what they would want to see.

J Harrison noted that the main change from the earlier version of the document is that the blood bank fit outs have moved into our own capital planning framework. We have tried to reflect what the Ministry is looking for, ie quantum of collections, payback calculation, additional plasma we'd be collecting and the value of what that represents to us. We need to put in an explicit statement that if we don't get this equity request, it will be to the detriment of our self-reliance intent.

E Moke queried if we could be more overt to the Ministry with our own \$20m contribution to the Auckland hub, this would be an indication to the Ministry we have already committed \$20m ourselves. F Pimm added that it is good to put positive strengths in repeatedly.

P Martin asked if we had sufficiently made the point that we are expanding service offerings? S Cliffe agreed that the point about expanding service offering is a good one, we need to think about the narrative, not just the financials.

S Cliffe concluded that the next steps are to refine the paper and send it to Peter Jane at the Ministry to seek feedback. We can let them know the paper is on its way tomorrow at the Ministry meeting. S Cliffe will make sure the views of this Board are clearly replicated and will certainly raise that it will be part of the BIM.

The Board received and noted the Equity Request Proposal further noting there would be some revisions, then it would go back to the Ministry for feedback before recirculating to the Board.

7.3 Insurance Programme for 2021 Calendar Year – Policy Setting Review and Renewal Terms

J Harrison advised the renewal programme had largely been concluded noting we have now come out of a three year price freeze for the liability policies. Consequently there will be an increase in premiums this year. We are seeing increases occurring around 8.2%, partly an element of volume but mostly price. Currently NZBS has a \$10.m D&O policy split \$8m to liability and \$2m to defence. Marsh suggested a \$7m liability and \$3m defence split for 2021. We are also looking at extending cyber social engineering (social media platforms) insurance from \$100k to \$250k as cyberattacks have become more aggressive. This was Marsh's recommendation and we haven't seen a cost indication as yet., However it might make sense to lift the current cover. The full renewal report is in the Diligent resource centre.

Recommendation to the Board is to go to \$7m liability and \$3m for the defence cost split in the D&O cover with current thinking to also lift cyber social engineering cover to \$250k.

The Board;

1. Advised the above changes to the current insurance portfolio cover settings to apply from 1 January 2021.
2. Noted that following the Board review the agreed cover settings for all policies will be confirmed for placing no later than mid-December for insurance cover commencing 1 January 2021.
3. Noted the finalised 2021 insurance portfolio will be updated to the Insurance folder of the Diligent's resource library for ease of Board member future reference.
4. Board Members will be provided with the updated 2021 policies of the Directors & Officers Liability policy together with the Defence Costs policy for their own records.

Motion by: B Baker

Seconded by: J Blue

Carried: All present in favour

ITEM 8 MONTHLY/REGULAR REPORTS

8.1 Director Finance Report – Financial Performance – 3 months to 30 September 2020 with 2021/22 Budget Assumptions Update

J Harrison advised that he was pleased with the performance in the first quarter of the year noting the first half of the year often delivers stronger results. The main item to highlight was that the Finance team had undertaken the first full year forecast and that showed a positive forward outlook. Revenue looked strong for the month of October the indicated revenue well above budget for the October month. There is a decision to be made shortly as to whether a seventh budgeted pool can be dropped from the current financial year leaving six pools in the forecast.

The pausing of stage 3 of the redevelopment and possible design refresh will require an impairment charge assessment to be made of Stage 3 capitalised costs. The forecast included an impairment of \$0.5m based on changes discussed.

The 2021/22 budget round has now commenced and we are looking at a first cut with 8% per annum lg increase. There is modest growth in fresh product mainly red cell and cryoprecipitate The first cut of the budget will be completed prior to Christmas to ensure it is ready for the end of January board meeting, noting the intervening Xmas and New Year holiday break.

Discussion followed around the capital charge potentially reducing with J Harrison noting he is in discussions with Peter Jane at the Ministry as DHBs have a specific allocation which is offset but we don't have the same model which makes any potential claw back of saving from NZBS difficult with NZBS unwillingly to hand back any savings.

D Chamberlain queried the quantities of expiring Hizentra? J Harrison advised that in March this year we had purchased a quantity during the Covid-19 lockdown as a protection around supply when we were not sure of our ability to continue to produce. There was discussion around the amount of expiry and if anything could be done with the excess product. J Harrison noted the Chief Medical Officer was assessing if higher quantities of Hizentra could be worked into the current prescribing patterns but to do so was not straight forward.

The Board received and noted the Director Finance's report

8.2 Q1 Organisation Health & Safety Report

S Cliffe took the paper as read and noted the success of the flu campaign was helped by Covid. The addition this year of peer vaccinators worked well and gave us much more flexibility. F Pimm congratulated management on 83% and noted this was not just a Covid affect and it would have taken a lot of work to get there. S Cliffe added that the biggest issue was getting the vaccine in a timely manner.

D Chamberlain asked about the incident in Hamilton? **S.9 (2) (a)**

Motion: The Q1 Organisation Health & Safety Report was received and noted by the Board.

Motion by: F Pimm

Seconded by: E Moke

Carried: All present in favour

8.3 Q1 Contracts & Leases Register

The Q1 Contracts & Leases Register was received and noted by the Board.

8.4 Q1 Board Expenditure Overview

The Q4 Board expenditure overview was received and noted by the Board.

8.5 Q1 Cybersecurity Report

S Cliffe advised the IS team are doing a lot of work in this space and are working with Datacom on upskilling the team around governance. Our systems are strong, however it's timely with the recent denial of service attacks reported in the media. We are not aware that we have been targeted and are doing more in phishing simulations and scenario planning.

It was noted that \$250k will go nowhere in terms of putting right a breach. D Chamberlain added that cyber insurance doesn't cover consequential loss, it's mainly about rectifying IT systems. S Cliffe advised that the team will do targeted education with staff as in a recent phishing exercise, 20% of staff clicked on the fake emails. There is lot going on in the cyber security space and it's good this report comes to the Board on a quarterly basis. It's about staff behaviour to make sure we are not inadvertently letting anything in.

Discussion followed around the consequences of a cybersecurity attack and that over training of staff is recommended as this is going to be an increasingly difficult endeavour.

Motion: The Board received and noted the Q1 cybersecurity report.

Motion by: R Lind

Seconded by: B Baker

Carried: All present in favour

8.6 Q4 Organisational Risk Register

S Cliffe noted that updates to the register are in bold with one new risk, item 6. After recent audits we were advised that our clean rooms didn't meet Medsafe's upgraded certification standards. We need to bring the clean rooms up to the new

standards over time with a solid plan that is acceptable to Medsafe. We have embarked on a review of our clean room qualifications and operating practices to improve compliance. Palmerston North clean room is an issue, but our newer sites won't be too difficult and we will create compliant rooms in Auckland. The question was raised if Medsafe does a cost benefit analysis to justify the upgraded standards? S Cliffe noted that we work in partnership with Medsafe, but made a note as it's a good point.

S Cliffe noted that item 8 on ODNZ will need to be updated in light of the additional information since the register was last updated

D Chamberlain thanked S Cliffe for the work on the risk register.

There was discussion on plasma and how management see demand increasing? S Cliffe noted that even if demand increases by 5% it's still an increase and that our CMO is convinced this is an anomaly and it will increase further. B Baker added that at some point the DHBs will have to do something about controlling usage and an 8% increase seems reasonable since growth seems likely to continue in the foreseeable future.

Motion: The Board received and noted the Organisational Risk Register

Motion by: E Moke

Seconded by: P Martin

Carried: All present in favour

ITEM 9 INFORMATION PAPERS

9.1 Refreshed Deed of Indemnity – Signing & Issuance to Board Members

J Harrison advised that this is the finalised refreshed Deed of Indemnity with one change from the earlier approved version with new clause 2.2. Two copies will be sent out to Board members to be signed, scanned, then sent back. It was agreed to add D Chamberlain and J Blue's signatures to the document electronically.

The Board noted the refreshed Deed of Indemnity.

ITEM 10 Correspondence

10.1 Letter from Minister Henare Draft SPE & SOI for tabling - 2 September

The letter received from the Minister Henare dated 2 September was noted by the Board. S Cliffe added that this hasn't been completed as there isn't financial audit clearance.

10.2 Letter from Te Kawa Mataaho – Standards for providing information to political parties – 15 September

The letter from Te Kawa Mataaho dated 15 September was noted by the Board.

10.3 Letter to Director General of Health re national agency roles and functions paper – 9 October

The letter to the Director General of Health dated 15 September was noted by the Board.

ITEM 11 General Business

No items raised.

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.

12.3 Proposed Board meeting dates for 2021

D Chamberlain asked the Board to let V Siddins know if the dates work for them in the next few days.

ITEM 13 Next Meeting

13.1 The next Board meeting is a scheduled for Thursday, 3 December 2020. The Board agreed to make this a zoom meeting and for the accounts to be pre-signed or digitally signed once signed off by NZ Audit.

Close of meeting: The meeting closed at 2.30pm.

Certified as a true and correct record:

A handwritten signature in black ink, appearing to read 'D Chamberlain', written over a horizontal line.

David Chamberlain – Board Chair