

Capital Investment Committee DRAFT Minutes

Date Friday 29 January 2016
Time 9.00am – 10.05am
Location Meeting Room 2.12, Ministry of Health, 1 The Terrace, Wellington and teleconference
Chair Evan Davies (Chair)
Members Paul Carpinter, Jan Dawson, Des Gorman, Murray Milner, Sally Webb and Margaret Wilsher.
Attendees **NHBBU:** Michael Hundleby (Acting National Director), John Hazeldine (Acting Director DHB Performance), Mhairi McHugh (Manager NHB Capital & Operating), Chris Picard (Senior Advisor Board and Projects).
Treasury: Davin Hall (Senior Advisor)

Item	Subject
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Evan Davies opened the meeting at 9.00am.

1a Apologies

Jan Dawson and Sally Webb.

1b Conflicts of Interest

Noted.

Margaret Wilsher added Southern Hospital Redevelopment Partnership Group.

There were no further additions or amendments to conflicts of interest.

1c Minutes of Previous Meeting

Recommendation:

That the minutes of the 10 December 2015 meeting are accepted as a true and correct record.

Carried

1d Outstanding Action Items

10/15:2 – Paper to be developed on alternative financing for projects such as private funding for carparks – Deferred to March 2016

1e Matters Arising from Minutes

There were no matters arising from the minutes of the previous Meeting.

2 National Bowel Screening Programme Business Case

CIC noted the paper. In discussing the paper, CIC members raised concerns around workforce risks, the subsequent flow on impact of the screening programme particularly on surgical and pathology services, whether standardisation has been considered with one national lab or regional labs covering the programme, as well as the need for compatibility and alignment with current national reporting systems, including the preventative health platform.

Taking into account the time pressures on this decision, CIC agreed that a letter from the Chair to the programme manager would be drafted raising concerns that would need to be addressed as part of the next steps for the bowel screening programme. Draft to be circulated to Des Gorman, Murray Milner and Margaret Wilsher for feedback.

Deborah Woodley and Eng Chew joined the meeting at 9.30am for feedback on this item. CIC members shared their concerns around workforce, the impact on laboratory and surgical services, IT, etc. Deborah Woodley noted the concerns and was able to provide statistics from the pilot programme which have been used for the business case modelling but were not explicit in the paper before CIC. On pricing it was noted that the business case is modelled on the full price for colonoscopy for example so that a DHB could outsource on a cost neutral basis. It was also signalled that there might be the need for capital in the future once detailed analysis has been completed.

3 Capital Reporting

CIC members noted the report and verbal updates. Key items included the Minister's approval of the Canterbury outpatient facility which will be announced on Monday, the Southern HRPG approval prior to Christmas of the Southern Strategic Business Case, and updates on the Mason Clinic and Canterbury.

4 General Business

Recent cases of the Zika virus in New Zealand were noted with some discussion around possible implications.

There were no further items of general business.

The meeting closed at 10.05am.

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Date Thursday 28 July 2016

Time 10.00am – 12.45pm

Location Meeting Room 2.09, Ministry of Health, 1 The Terrace, Wellington

Chair Evan Davies (Chair)

Members Paul Carpinter, Jan Dawson, Des Gorman, Murray Milner, Sally Webb and Margaret Wilsher.

Attendees **Ministry of Health:** Michael Hundleby (Director Critical Projects), John Hazeldine (Acting Director DHB Performance), Mhairi McHugh (Manager DHB Capital & Operating), Chris Picard (Senior Advisor Board and Projects).
Treasury: Davin Hall (Senior Advisor)

Item	Subject
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Evan Davies opened the meeting at 10.00am.

CIC members noted that Jan Dawson received the honour of the Companion of the New Zealand Order of Merit in the recent Queens Birthday Honours.

1a Apologies

Jan Dawson, Des Gorman and Sally Webb.

1b Conflicts of Interest

Noted.

Murray Milner:

No longer Convenor of the NZ IPv6 Task Force but remains a Trustee.

Enable Networks Limited to be removed.

MSD – Advisory Expert Group on Information Security to be removed.

There were no further additions or amendments to conflicts of interest.

Conflicts in relation to agenda items to be noted as they arise.

1c Outstanding Action Items

Noted.

1d Matters Arising from Minutes

There were no matters arising from the minutes of the previous Meeting.

2 Southern DHB Strategic Assessment

Margaret Wilsher's conflict as a member of the Southern Partnership Group was noted. John Hazeldine's interest as an ex-officio member of the Southern Partnership Group was also noted.

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CIC noted the paper. The particular challenges and risks associated with the Dunedin Hospital redevelopment were discussed. CIC noted that a more formal strategic relationship between the Southern DHB and the University of Otago and other tertiary education providers is under development and will contribute to the redevelopment. CIC was clear that the University, while a key stakeholder, should not determine the direction of the Dunedin Hospital redevelopment.

Key risks for the next stage of this project include the Southern DHB capacity to manage a significant change management programme to support redevelopment of Dunedin Hospital and address the financial challenges facing the DHB. The increasing level of engagement required within the Southern DHB together with the stakeholder management required for the community are also a risk and are putting pressure on the Southern Partnership Group to meet the ambitious timeline required.

Recommendation:

CIC agreed to support the progression to the next stage of the business case process, the Indicative Business Case, for the redevelopment of Dunedin Hospital, noting the need for the Ministry to plan, structure and resource appropriately.

Carried

3 Counties Manukau Rehabilitation

Margaret Wilsher's conflict as a member of the Northern Region was noted.

CIC noted officials are looking to formalise a Northern Region partnership approach with Ministry and Treasury representation. DHBs of the northern region have been requested to work together to provide an integrated plan of the investment requirements for the region.

CIC suggested that the rehabilitation and wellness aspects of the proposal are progressed separately to ensure the rehabilitation services project is not delayed.

Recommendation:

That CIC:

1. Note the Strategic Assessment relating to the Counties Manukau DHB's Specialised Rehabilitation and Community Wellbeing Project
2. Support the progression to the next stage of business case development, the Indicative Business Case.

Carried

Action Point: Update on the Manukau superclinic site and Auckland land for housing to be developed for CIC.

4 Re-stated programme business case for the National Bowel Screening programme

Stephanie Chapman joined the meeting for this item.

The paper and verbal update on current work around the programme were received.

CIC confirmed its support for the intent of the National Bowel Screening Programme, while noting a number of concerns to be addressed as part of the current programme review. These included IT implications for programme start-up and the full term of the programme; workforce capacity; lead times; diagnostic capacity (laboratory, endoscopy and radiology); unanticipated growth with the flow-on impact of testing outside of the screening programme target population; DHB capability and capacity; and the opportunity for sector review.

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Recommendation:

That CIC:

- 1 Agree to support the Programme Business Case and Tranche 1 Business Case, for the implementation of the National Bowel Screening Programme proceed to Ministers.
- 2 Note the programme is seeking funding of up to \$761 million over the 20-year modelling period, including \$130 million for the initial four-year implementation for both capex and opex.
- 3 Note the Ministry will proceed to develop the Tranche 2 and Tranche 3 business cases, for the implementation of the National Bowel Screening Programme.
- 4 Note the government has already approved \$39.3 Million towards programme establishment, subject to this programme business case, and ongoing funding for the programme will be subject to Budget bid 2017.

Carried

5 DHB Long Term Investment Plan/Budget 2017

The contents of the report were noted.

CIC supported the direction outlined for Budget 2017 and the pathway to a national long term investment plan, noting that it was a positive step in determining the capital intentions pipeline for the sector. The need for adequate resourcing to support this line of work was highlighted, with CIC encouraging the Ministry to ensure this area is appropriately structured to provide support to the regions.

6 Investor Confidence Rating Update

Davin Hall tabled a paper for CIC titled 'Investor Confidence Rating for discussion with the Capital Investment Committee 28 July 2016'.

There was free and frank discussion around the process to date and the potential implications for the sector. While supportive of the intent and approach, CIC members expressed their concerns about whether the proposed ratings accurately reflect the experience of central agencies, including Treasury, noting the importance of a joined up view across Treasury, the Ministry of Health and the Capital Investment Committee.

7 Capital Affordability

An additional paper 'District Health Board Capital Management -Investment Logic Map' replacing appendix 1 of the agenda paper was tabled.

CIC noted the update on debt/equity transition and capital affordability and the process to date.

8 Capital Reporting July 2016

CIC noted the report which was taken as read.

9 General Business

There were no items of general business.

The meeting closed at 12.45pm.

Released under the Official Information Act 1982

Capital Investment Committee DRAFT Minutes

Date Thursday 1 September 2016

Time 10.00am – 11.25am

Location Teleconference hosted in Meeting Room 2.11, Ministry of Health, 1 The Terrace, Wellington

Chair Evan Davies (Chair)

Members Paul Carpinter, Jan Dawson, Des Gorman, Murray Milner, Sally Webb and Margaret Wilsher.

Attendees **Ministry of Health:** Michael Hundleby (Director Critical Projects), John Hazeldine (Acting Director DHB Performance), Mhairi McHugh (Manager DHB Capital & Operating), Chris Picard (Senior Advisor Board and Projects).
Treasury: Davin Hall (Senior Advisor)

Item	Subject
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Evan Davies opened the meeting at 10.00am.

CIC members noted that Jan Dawson received the honour of the Companion of the New Zealand Order of Merit in the recent Queens Birthday Honours.

1a Apologies

Sally Webb and Murray Milner.

1b Conflicts of Interest

Noted. There were no additions or amendments to conflicts of interest.

Conflicts in relation to agenda items to be noted as they arise.

1c Confirmation of Minutes of 28 July 2016

Amendment removing 'free and frank' in section 6 Investor Confidence Rating Update, second paragraph.

Recommendation:

That the minutes of the meeting held on 28 July 2016 are confirmed subject to the amendment noted.

Moved from the Chair

Carried

1d Matters Arising from Minutes

There were no matters arising from the minutes of the previous Meeting.

1e Outstanding Action Items

Noted.

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2 Capital Reporting August 2016

CIC noted the report which was taken as read.

Verbal updates and discussion focused on West Coast, Southern and Canterbury projects including Parkside and the current status of the mental health proposal.

Conflict of interest noted for Des Gorman related to discussion around potential project funding.

CIC provided feedback on the post implementation review and post occupancy evaluations presented. This feedback will be incorporated into advice for future post implementation/post occupancy reviews, ensuring reporting alignment with the business cases, including metrics to support the outcome narratives.

CIC noted the proposed changes in reporting frequency for earthquake prone buildings.

3 General Business

There were no items of general business.

The meeting closed at 11.25am.

Capital Investment Committee DRAFT Minutes

Date Monday 31 October 2016

Time 11.30am – 12.55pm

Location Ministry of Health, 1 The Terrace, Meeting Room 2.12

Chair Evan Davies (Chair)

Members Present Paul Carpinter, Murray Milner, Sally Webb and Margaret Wilsher.

Attendees **Ministry of Health:** Michael Hundleby (Director Critical Projects), John Hazeldine (Acting Director DHB Performance), Mhairi McHugh (Manager DHB Capital & Operating), Chris Picard (Senior Advisor Board and Projects).
Treasury: Davin Hall (Senior Advisor)

Item	Subject
	Evan Davies opened the meeting at 11.30am.
1a	<p>Apologies</p> <p>Jan Dawson, Des Gorman. Sally Webb Apologies for lateness.</p>
1b	<p>Conflicts of Interest</p> <p>Noted. Murray Milner to provide an update for the register. No other amendments noted. Conflicts in relation to agenda items to be noted as they arise.</p>
1c	<p>Confirmation of Minutes of 1 September 2016</p> <p>Recommendation:</p> <p>That the minutes of the meeting held on 1 September 2016 are confirmed.</p> <p style="text-align: right;">Moved from the Chair Carried</p>
1d	<p>Matters Arising from Minutes</p> <p>There were no matters arising from the minutes of the previous Meeting.</p>
1e	<p>Outstanding Action Items</p> <p>Verbal updated provided on the Manukau superclinic and Auckland land for housing. CIC requested an opportunity to review the MBIE commissioned report on the future of the Mason Clinic. The confidential preliminary draft was subsequently released to CIC for information on 8 November 2016.</p>

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2 Waitemata DHB Elective Capacity and Inpatient Beds Project Strategic Assessment

CIC noted the report which was taken as read. The Committee agreed that the Strategic Assessment provided useful information in relation to Waitemata DHB's future capacity requirements for theatres, procedure rooms and beds. However, they were concerned that the submission did not adequately address regional considerations, noting in particular, they would like to understand the extent to which the project could meet demand pressures at other Auckland metro DHBs, as either a short or long-term measure.

In March 2016 CIC agreed that the Electives Capacity Project could be progressed independently of both the wider Waitemata 2025 programme and the requirement for a fully integrated regional plan addressing capital needs across the Auckland metro DHBs. CIC approval of this approach did not negate the need for the Electives Capacity Project to address the regional analysis for procedure rooms and theatres.

Acknowledging the urgency of the project CIC approved progression to the business case stage. CIC also requested that the full analysis as noted above is undertaken, with that information used to inform the development of a revised long list of feasible and regionally-agreed options. This list should be presented to CIC for feedback prior to the business case being completed.

CIC asked that the Ministry of Health undertake a stocktake of theatre and procedure room capacity within the private sector in the Auckland region. This information will be provided to Waitemata DHB to further assist the options development (for both interim and permanent options).

Action Point:

Ministry of Health to undertake a stocktake of theatre and procedure room capacity within the private sector in the Auckland region.

Recommendation:

That CIC:

1. Note the Strategic Assessment submitted by Waitemata DHB (WDHB) in support of their Elective Capacity and Inpatient Beds Project.
2. Note the discussion document submitted by WDHB identifying initial findings on options to be explored in the business case.
3. Endorse progression to the business case stage, noting the above limitations.
4. WDHB to submit a new long list of options to a future CIC meeting (prior to completion of the business case) with the list being informed by further information and analysis on:
 - Regional capacity requirements for elective surgery and procedure rooms (agreed by region)
 - Private capacity to meet demand (either as an interim measure or long-term).

Carried

3 Business Case for Investment in Canterbury Hospital Energy Centre

Margaret Wilsher and Evan Davies noted conflicts as members of the Canterbury HRPG and did not participate in this decision. Evan also noted an additional conflict as an employee of a gas company in relation to discussions on fuel sources.

Action Point:

Officials to provide advice on the Crown's position in relation to energy fuel sources.

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Recommendation:

That CIC:

1. Agree to approve a new energy centre at Christchurch Hospital of up to \$48 million.
2. Note that funding is required to proceed immediately with the design and construction of temporary infrastructure, tunnel repair and related services, as part of the Christchurch Hospital energy centre project at an estimated cost of the Christchurch Hospital energy centre project at an estimated cost of \$11.6 million.
3. Note the Canterbury DHB has \$32.3 million funding set aside in the Programme of Works for this project. The balance will require the DHB to reprioritise the balance of the funding from other capital projects.
4. Note that the project will consider different fuel source options and recommend to HRPG the most appropriate fuel source.

Carried

4 Business Case for Investment in West Coast DHB Integrated Family Health Centre

Evan Davies noted a conflict of interest as a member of the West Coast Hospital Redevelopment Partnership Group.

Sally Webb joined the meeting at 12.00pm with apologies for lateness.

Recommendation:

That CIC:

1. Note Ministers have agreed to proceeding with the Buller Integrated Family Health Centre project, with the intention of finding private funding [HR 20160381/T2016/696 refers].
2. Note there are several parties interested in purchasing the facility once built.
3. Subject to support for the proposal from the relevant partnership group once cost escalation has been considered, agree to short term funding of this project for the build period.

Carried

5 Capital Reporting September 2016

The paper was taken as read. Discussion was focused on the 4 year budget plan; Mason site issues and the MBIE review; and Canterbury and Southern projects.

6 General Business

CIC noted that as the Committee had not been refreshed since its inception this would be considered in 2017.

There were no items of general business.

The meeting closed at 12.55pm.

Released under the Official Information Act 1982

Capital Investment Committee DRAFT Minutes

Date	Friday 2 December 2016
Time	9.45am – 11.10am
Location	Teleconference
Chair	Evan Davies (Chair)
Members in attendance	Paul Carpinter, Jan Dawson, Sally Webb and Margaret Wilsher.
Attendees	Ministry of Health: John Hazeldine (Acting Director DHB Performance), Mhairi McHugh (Manager DHB Capital & Operating), Chris Picard (Senior Advisor Board and Projects). Treasury: Davin Hall (Senior Advisor)

Item	Subject
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Evan Davies opened the meeting at 11.30am.

1a Apologies

Des Gorman and Murray Milner.

2 Counties Manukau DHB Specialised Rehabilitation and Wellbeing Project Indicative Business Case

Evan Davies noted his interest as a Director of Development Auckland in a governing role in the Transform Manukau development.

CIC noted the report which was taken as read. Following a short briefing by staff, CIC were joined by Louise Zacest, Head of Business Development Corporate and Business Services from Counties Manukau DHB.

Louise provided an overview of the Counties Manukau business case, detailing the base core investment for spinal rehabilitation which was endorsed by the Northern region 2-3 years ago with specialist infrastructure including access to hydrotherapy, gymnasiums, hoisting and other equipment required. Provisionally costed at approximately \$90 million, this would increase capacity and meet current and future demand over the next twenty years. For reasons of economy CMDHB believe as a minimum this needs to be integrated with other specialist rehabilitation services and have taken the view that is at a district level. While discussions across the region over the last two years have explored other regional pathway and partnering opportunities, and Northern region DHBs support the concept, there is no agreement in place currently to transfer additional regional rehabilitation volumes, including stroke patients. It was suggested that any modelling of potential stroke patient rehabilitation volumes should also include the impact of clot retrievals.

Options 2, 3 and 4, would be either self-funded or utilise other government assistance outside of health. CIC clarified that should options with third parties be considered (options 2, 3 or 4), the base component of option 1 would at all times stand alone as an approval component, with a series of elements that could be added on over time, but may not be.

Louise left the meeting at 10.40am.

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CIC supported completion of market sounding by CMDHB to enable the scope of the potential options to be further refined. Officials will update the Ministers of Health and Finance on the process being undertaken.

The revised Indicative Business Case is expected in early 2017. This version should clearly identify the assumptions underlying the demand projections, including the implications arising from changes in clinical practice (such as clot retrieval, and spinal cord recovery) and the different catchment populations for each of the proposed services.

While appreciating the work that CMDHB is undertaking in exploring wider scope options, and the potential partnering to facilitate these, the committee believe delivering the wider scope in a timely way will be very challenging. CIC supports CMDHB's intention to develop a phased approach to the scope to enable the base project to be stand-alone, and to enable staged development if necessary.

It was noted, the costs and benefits of the wider/widest scope options sit outside Vote Health and the immediate health sector. Officials from Treasury and the Ministry of Health will seek direction on potential approval pathways, depending on which option/s are taken forward to the next stage.

Recommendation:

That CIC:

1. Support the completion of market sounding to allow CMDHB to further refine the options prior to seeking CIC's endorsement to proceed to the detailed business case.
2. Note that officials will update Ministers of Health and Finance on the process that CMDHB are taking.

Carried

3 General Business

Officials noted a recent approach from a DHB where a project which was to have been completed under the \$10 million threshold will now be over that threshold. CIC supported considering this via e-mail if required. Officials will look at a process for handling similar situations in future.

CIC requested an update on seismic vulnerability early in the New Year.

Action Point: DHB seismic update to be prepared for CIC early in 2017.

There were no further items of general business.

The meeting closed at 11.10am.