

**MINUTES**  
**SOUTH EASTERN SYDNEY LOCAL HEALTH DISTRICT**  
**Finance and Performance Committee Meeting**  
**5.00pm**  
**29 June 2015**  
**Sydney/Sydney Eye Hospital**  
**Video Conference Room**

<b>A.</b>	<b>Item 1</b>	<p><b>MEETING OPENING</b></p> <p><b>1.1</b></p> <p><b>Apologies</b></p> <ul style="list-style-type: none"> <li>• Mr Jonathan Doy, Board Member</li> </ul> <p><b>Present</b></p> <ul style="list-style-type: none"> <li>• Ms Kate Munnings, Board Member (Chair)</li> <li>• Ms Patricia Azarias, Board Member</li> <li>• Ms Karen Foldi, Director of Finance</li> <li>• Mr Gerry Marr, Chief Executive</li> <li>• Ms Kylie McRae, Director of Internal Audit</li> <li>• Mr Mark Shepherd, Director of Programs</li> <li>• Ms Kristin Stubbins, Board Member (Advisor)</li> </ul> <p><b>Secretariat:</b></p> <ul style="list-style-type: none"> <li>• Melissa Angelucci</li> </ul>
	<b>1.2</b>	<p><b>Capital Presentation</b></p> <p>, Director of Capital Redesign attended the meeting to provide an update of SESLHD's \$1 billion capital portfolio. The following key points were noted;</p> <ul style="list-style-type: none"> <li>• The Sutherland Hospital redevelopment project is worth _____ and the scope includes a new emergency department.</li> <li>• The St George Hospital redevelopment project is worth _____ and the scope includes a new acute services tower,</li> <li>• The Prince of Wales Hospital redevelopment project is worth _____ and the scope includes a new emergency department, acute inpatient beds, mental health and ambulatory care.</li> </ul> <p>The Committee discussed how dominant the Health Infrastructure's role will be in designing and planning the future model and how SESLHD and Health Infrastructure can partner to drive the project. The Board should be involved in</p>

		governing this process and will want to be assured that proper controls are considered.  Future health and population trends should also be considered as part of the planning phase.  <u><b>Action</b></u> – Director of Capital Redesign to attend the September Board meeting to provide update on the capital projects.
	<b>Item 2</b>	<b>APPROVAL OF MINUTES</b>
	<b>2.1</b>	<b>Minutes of meeting held 25 May 2015</b> Minutes of the meeting held 25 May 2015 were endorsed as an accurate record of proceedings.  <b>Resolution 174</b> That the Committee approve the Minutes of Meeting held 25 May 2015 as an accurate record of proceedings.  <b>Moved:</b> K Munnings <b>Seconded:</b> Patricia Azarias <b>Carried</b>
	<b>2.2</b>	<b>Action Log as updated 25 May 2015</b> The action log was noted by the Committee. See Action Log for updates of actions.
	<b>Item 3</b>	<b>Declaration of Pecuniary Interest, Conflict of Interest and Director Related Transactions</b>  There were no items for declaration.
<b>Part B</b>	<b>Item 4</b>	<b>Finance and Performance Reporting</b>
	<b>4.1</b>	<b>Cash Review</b> In May 2015, the Director of Finance reported that SESLHD had experienced a significant issue with cash flow during the month of May. A cash shortfall, to the value of \$15 million was identified over and above the \$27 million in cash assistance that was requested from the Ministry of Health in November 2014. The following key points were noted by the Committee; <ul style="list-style-type: none"> <li>• The matter was not anticipated due to an incorrect assumption/analysis made by both SESLHD and the Ministry of Health 14 months ago. The assumption was based on SESLHD’s April 2014 financial result and did not take into consideration the \$11 million worth of additional accounting treatments which occurred at the end of the 2014 financial year. This assumption was not corrected as SESLHD’s financial position changed throughout the 2014/15 financial year.</li> <li>• The root cause of the problem was miscommunication and incorrect assumptions between the Ministry of Health and SESLHD.</li> <li>• Going forward, SESLHD will work closely and communicate with the Ministry of Health when liabilities go down throughout the year.</li> <li>• The Ministry of Health has acknowledged and accepted the discrepancy and has reforecast SESLHD’s cash balance sheet for 1014/15.</li> </ul> <u><b>Action</b></u> – Meeting to occur with Chief Financial Officer at the Ministry of Health to ensure that key learnings from this cash issue can be extrapolated to the rest of NSW.

<p><b>4.2</b></p>	<p><b>Finance and Performance reporting</b></p> <p>The Director of Finance reported the following in relation to SESLHD's financial performance as at the end of May 2015;</p> <ul style="list-style-type: none"> <li>• The full year financial projection remains stable at \$19.9 million unfavourable to budget.</li> <li>• The Ministry of Health has accepted and paid the annual Leave adjustment to the value of \$3.8 million.</li> </ul> <p>The following key points were made in respect of the preliminary information available on the 2015/16 budget;</p> <ul style="list-style-type: none"> <li>• SESLHD will be funded below the state price. This means that SESLHD has become more efficient over the past 12 months.</li> <li>• SESLHD will not receive a transition grant during 15/16. This does not result in a smaller overall budget but means that the budget is provided in other budget lines.</li> <li>• SESLHD received a \$76 million increase in total dollars as compared to the 14/15 budget.</li> <li>• The revenue target for 15/16 is more achievable for SESLHD than the 14/15 revenue target.</li> </ul> <p>The Chief Executive reminded the committee that a commitment was made to the Ministry of Health that SESLHD would achieve a breakeven position by June 2017. SESLHD is on track to achieve this target.</p> <p>The Committee noted that it does not wish to sign the 2015/16 Service Level Agreement with the Ministry of Health if it contains components that are not within SESLHD's control. For example, targets based on interest rates. Work is underway to develop a comprehensive list of components that may not be within SESLHD's control.</p> <p>The Committee stressed the importance of ensuring that the budgets are built up and phased correctly for the 2015/16 financial year. This will enable accountability.</p> <p>The Chief Executive reported that the newly developed Productivity and Improvement Board has been working well.</p> <p>Ms Stubbins agreed to undertake a review of all value improvement strategies for the 2015/16 financial year.</p> <p>Revenue improvements have been a key achievement over the past 12 months. The Committee commended this achievement.</p>
<p><b>Item 5</b></p>	<p><b>Program Management Office Reporting</b></p> <p>Mr Mark Shepherd, Director of Programs, provided an update on the Program Management Office.</p>

<b>Part C</b>	<b>Item 6</b>	<b>Business without notice</b>
	<b>6.1</b>	No discussion held.
	<b>Item 7</b>	<b>Other Matters Arising</b> No discussion held
<b>Part D</b>	<b>Item 9</b>	<b>Noting of Confidential Items</b> Nil noted.
	<b>Item 10</b>	<b>MEETING CLOSED</b> 6.30 pm
<p><b>Next Meeting:</b> Monday 27 July 2015 5.00pm Sydney/Sydney Eye Hospital VC Room</p>		
<p><b>CERTIFIED A CORRECT RECORD</b></p> <p>..... <b>Name</b></p> <p>..... <b>Signature</b></p> <p>..... <b>Date</b></p>		