

Version for Public Release

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Pharmaceutical Management Agency (Pharmac)

Minutes of the Board Meeting held on 23 February 2024 at 9.30am

At Pharmac Offices, Level 9, 40 Mercer Street, Wellington and via Teams

Present:

Board members

Dr Peter Bramley (BSc (Hon), LL.B, PhD)	Acting Chair
Talia Anderson-TOWN (BBS, PG Dip Professional Accounting, CA, CPP)	Board member
Dr Anthony Jordan (BHB, MBChB, FRACP)	Board member
Dr Diana Siew (PhD)	Board member
Dr Margaret Wilsher (MD, FRACP, FRACMA)	Board member (via Teams)

Apologies

Nil

Board Observers

Dr Jane Thomas	Board Observer, PTAC Chair
Robyn Manuel	Board Observer, CAC Chair

Pharmac staff in attendance

Sarah Fitt	Chief Executive
Michael Johnson	Director, Strategy, Policy & Performance
Geraldine MacGibbon	Director, Pharmaceuticals
Kathryn McInteer	Director, Corporate Services
Nicola Ngawati	Director, Equity & Engagement
David Hughes	Director, Advice and Assessment/CMO
Trevor Simpson	Kaituruki Māori – Director Māori
Catherine Epps	Director, Medical Devices
Jacqui Webber	Minute taker

Attendees joined the meeting to present relevant papers: Graham Durston, Ishani Noble, Yazmin Juned, Anna Pai, Davina Carpenter, Laith Kourkgy, Brent McPherson, Kim Aiomanu-Bagley, Evan Hinds, Adrienne Martin, Gillian Anderson, Imani Kerr, Andrew Oliver, Andrew Davies and Jannel Fisher.

1. Director-only Discussion

The meeting commenced at 9.30 am for Board only time, with the full meeting commencing at 10.40am.

During Director only time, the Board met with Brenda Ratcliff of MindMeld to discuss the culture change work programme.

2. Governance and Information matters

2.1 Glossary of Terms

The Board **noted** the Glossary of Terms.

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2.2 Board Actions

The Board **noted** the Actions.

2.3 Board Annual Agenda 2024

The Board **noted** the Annual Agenda for 2024.

It was also noted that an out of cycle meeting is scheduled on 7 March 2024.

2.4 Board and Committee Member Terms

The Board **noted** the Board and Committee Member terms.

2.5 Apologies

There were no apologies for this meeting.

2.6 Interests Register

The Board **noted** the Interests Register.

3. Record of Previous Meetings

3.1 Minutes of Previous Board Meetings

The Board **resolved** to adopt the following minutes as being a true and correct record of the meetings held on:

- 1 December 2023;

Talia Anderson-Town/Diana Siew

Carried

- 21 December 2023; and

Anthony Jordan/Talia Anderson-Town

Carried

- 9 February 2024.

Anthony Jordan/Talia Anderson-Town

Carried

3.2 Audit & Risk Committee Meeting Minutes

The Board **noted** and **endorsed** the draft minutes of the Audit & Risk Committee meeting held on 1 December 2023.

Anthony Jordan/Talia Anderson-Town

Carried

3.3 Health & Safety Committee Meeting Minutes

The Board **noted and endorsed** the minutes of the Health & Safety Committee meeting held on 27 October 2023.

Anthony Jordan/Diana Siew

Carried

3.4 Health & Safety Committee Recommendations

The Chair of the Health & Safety Committee provided a verbal update to the Board, noting that the Committee carried out a 'health check' of several Pharmac floors, to engage with staff and identify any potential hazards – no hazards were identified.

3.5 Summary of CAC Meeting

This paper informed the Board of advice received from the Consumer Advisory Committee at the meeting held in November 2023.

The CAC Chair commented on how the Committee are working on how to better be conduits between the Committee and patients. They believe one of the functions is to advise Pharmac on prioritisation activities and they need to include consumers in this process.

The Board:

received the minutes from the November Consumer Advisory Committee meeting; and

noted the summary of key issues across the meeting.

Action: An update will be provided at the March Board meeting, on workplan for consumer engagement activities.

3.6 Summary of PTAC Meeting

The PTAC Chair updated the Board on activities.

The Board:

noted the summary of the record of the Pharmacology and Therapeutics Advisory Committee (PTAC) meeting held on 15 and 16 November 2023 in person; and

noted the November 2023 PTAC record was signed off by the Chair on 8 February 2024 and will be published on the Pharmac website shortly.

4. Matters Arising

The Board **noted** there were no matters arising to progress.

5. Chair's Report

5.1 Verbal Update from the Chair

The Chair provided a verbal update to the Board on recent activities. Comments included:

- Recent meetings were held with Hon David Seymour and Hon Dr Shane Reti. We are waiting on the Letter of Expectations.
- The Ministry will be advertising shortly for the Chair role.
- It was noted that we need to ensure we have a savings plan in place and efficiency improvements.

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5.2 Correspondence

The Board **noted** the correspondence report.

6. CE Report

6.1 Chief Executive's Report

The Board **noted** the Chief Executive's Report.

The CE spoke to her report and noted:

- Recruitment for the new devices roles has been going well.
- Rule 8.1b – we are preparing to release the consultation feedback and are liaising with the Ministers offices.
- Responsible use contract – an update will go to the March Board.

Action: An update to be provided on the Responsible use contract at the March Board meeting.

6.2 Financial Update

6.2.1 Financial Report

The purpose of this paper was to provide an update on savings forecasted to year end and in particular, use of Contractors and Consultants, to update the Board on the pharmaceutical budget expenditure, associated risks and our approach to managing the CPB, to update the Board on COVID-19 expenditure and forecasting, and to provide the Board with an overview of financials for January 2024.

The Board:

noted that savings have been revised following the Government overall savings requirements and potential impact on Pharmac.

Action: The Board requested that a letter be sent back to the Minister of Finance to highlight that we are being sensitive on operational expenditure

Combined Pharmaceutical Budget

noted that the Combined Pharmaceutical Expenditure Budget (CPB) for 2023/24 is \$1.498 billion [REDACTED]

noted that anticipated uplifts of [REDACTED] for Novavax vaccines and [REDACTED] for the impact of the removal of the \$5 co-payment, are approved by joint Ministers [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

January 2024 financial results

[REDACTED]

6.3 Legal Report

Pharmac's legal team provides legal oversight of all contracts and supports decision making processes as required, including for those matters that come before the Board.

The legal report provides an update regarding specific legal matters where awareness at Board level is appropriate, but which are not otherwise addressed in reports to the Board, as well as regular reporting on matters where the Legal Risk Fund has been accessed.

The Board **noted** the Legal Report.

7. Key Items

7.1 People & Capability Strategy Progress Report

This paper provided the Board with an overview and update of the People and Capability Strategy work programme (the Strategy) that is led by the People and Capability team and an update on the actions taken following the most recent Action Plan update, provided at the last meeting.

The Board:

noted the People and Capability Strategy work programme update

noted the October 2023 Action Plan progress since the latest update at the meeting held on 1 December 2023

noted the update on developing a new People and Capability Strategy.

Action: Board would like to see the next 90 day plan at the May Board meeting.

7.2 Quarter 2 Risk and Exception Report

The full risk register, and quarter two report were considered by the Audit and Risk Committee at its November 2023 meeting (1 December). For Board meetings in the intervening months, an exceptions report updates the Board on the items on the risk register that have materially changed.

The Board:

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noted the risk register, which provided a summary of current and ongoing risks of relevance to the Audit and Risk Committee

noted that the Audit and Risk Committee reviewed the quarter two register on 1 December 2023

noted that the quarter two risk register will be included in the quarterly report to the Minister of Health

noted that this exception risk report summarised current and ongoing risks of relevance to the Board for January/February 2024.

7.3 Audit and Risk Committee Annual Review Report 2022/23

This paper was provided to inform the Board of activities during the past year, by the Audit and Risk Committee.

The Board:

noted the annual review report of the Audit and Risk Committee.

7.4 Audit NZ Audit Report 2022/23

The Board:

noted that Audit NZ issued an unmodified audit opinion regarding the Annual Report 2022/23 on 24 November 2023

noted the Board and the Audit and Risk Committee Chairs signed the letter of representation and the Statement of Responsibility as had been agreed by the Board

noted the Audit NZ Audit Director and Manager attended the Audit and Risk Committee December meeting and provided a verbal update and answered questions the Committee had in relation to the final report

noted the final Report from Audit NZ to the Board on its 2022/2023 audit of Pharmac.

7.5 Board Statutory Committee appointment

This paper sought Board agreement to appoint Jesse Davis to the Consumer Advisory Committee (CAC).

The Board:

noted the Committee currently has nine members and that the Terms of Reference specify the Committee can have up to ten members

noted Jesse Davis (Ngāpuhi) was appointed to CAC as an observer from November 2023

resolved to appoint Jesse Davis to CAC for a period of three years from 1 March 2024.

Talia Anderson-Town/Diana Siew

Carried

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8. Strategic Planning and Policy

8.1 Strategic management of the CPB: Emerging therapies funding approaches

This paper provided the Board with an update on the 'Strategic management of the CPB' strategic priority and a focus on one of the three key areas to support this strategic priority, to update and adapt our commercial activities.

The paper also provided an overview of emerging therapies, the challenges they pose on the traditional Pharmac funding model, what international agencies have implemented to accommodate these, and a proposed path forward to evaluate existing and newer strategies for funding them.

The Board:

noted that in September 2023, the Board was provided with an overview of Pharmac's plans to achieve our strategic priority of 'Strategic Management of the CPB'

noted that one of the three key areas of focus over the next three years is updating and adapting our commercial activities to reflect our changing environment, ensure future sustainability (including fiscal sustainability), and support our aspirations to achieve healthy futures (Pae Ora)

noted the contents of the paper, which outlined the challenges of emerging therapies, approaches implemented by international agencies and a proposed path forward to assess how these approaches can be applied and implemented effectively within the New Zealand context.

Action: Board recommended a briefing paper on this topic to the Minister.

8.2 Pharmac 2023/24 Quarter two performance report

This paper provided a summary of progress against our commitments (initiatives and measures) outlined in Pharmac's 2023/24 Statement of Performance Expectations (SPE).

The Board:

discussed and **approved** the quarterly performance report

noted that following Board approval of the quarterly performance report, it is provided to the Minister of Health and Associate Minister of Health (Pharmac).

Anthony Jordan/Talia Anderson-Town

Carried

8.3 Board Manual Review

This paper proposed updates and amendments to the Pharmac Board Manual, including the CE Delegation Policy.

The Board:

noted the Pharmac Board Manual sets out the Board's statutory duties, together with key policies and processes to support the effective governance of Pharmac

noted that non-urgent updates to the Manual are captured via an annual review

noted the Board Manual has grown over the years and there is an opportunity to streamline the Manual at the next review

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noted that many of the changes have been driven by the Public Service Commission | Te Kawa Mataaho Guidance on the contents of Crown Entity Board Manuals, issued in mid 2023

agreed to make the changes outlined

agreed to amend the Chief Executive Delegation policy

agreed the Chair is authorised to approve any further minor changes

agreed regular Terms of Reference reviews are added to the Board annual calendar for the Board's committees

agreed Board and member performance reviews are added to the Board calendar for end 2024

agreed the Audit and Risk Committee should have visibility of the system of sub-delegation from Chief Executive to kaimahi.

Anthony Jordan/Talia Anderson-Town

Carried

Action: Correction to be made to the TOR for the Health and Safety Committee – not all Board are members and the Committee is currently two people.

8.4 Te Pātaka Whaioranga Pharmac Structure Te Rōpū – A Te Tiriti o Waitangi partnership approach

The paper provided the Board and Te Rōpū with a summary of the key agreements made in the strategic wānanga held on 24 August 2023, as to the role of Te Rōpū in Te Pātaka Whaioranga Pharmac and the organisation approach in respect of its te Tiriti o Waitangi (te Tiriti) obligations.

The Board:

noted the Paper has been approved by Te Rōpū

approved the agreement of the key outcomes between the Te Pātaka Whaioranga Pharmac Board (the Board) and Te Rōpū set out in the paper

noted Te Rōpū will continue to operate in its current form as a partner to Pharmac, with funding and secretariat support provided by Pharmac

noted in the spirit of partnership, that subsequent changes to Te Rōpū Terms of Reference to reflect the agreed outcomes outlined in this paper, will be approved jointly by both Pharmac and Te Rōpū members

noted that consistent with the Board's public service obligations around expenditure, fees for attendance will be set by Pharmac, with further work to follow around the fee setting and review process

noted a relationship agreement is proposed, recording the principles of engagement and partnering between Pharmac and Te Rōpū as recorded in this paper, together with revised Terms of Reference for the operation of Te Rōpū.

Subject to updating the diagram and making agreed amendments:

Diana Siew/Talia Anderson-Town

Carried

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Action: The Board requested that the structural diagram needs to be updated.

8.5 Equity Policy

The paper provided background to updates made to the proposed Equity Policy and sought approval to implement.

The Board:

noted the contents of the Equity Policy and proposed implementation plan

resolved to approve the Equity Policy

agreed that the Chief Executive can amend the Policy if needed, after considering Te Rōpū feedback.

Talia Anderson-Town/Margaret Wilsher

Carried

Action: The Board would like to see the key milestones in next six months.

9. Schedule and Funding

9.1 Prioritisation Report

This report described prioritisation activity since the last report presented to the Board at its October 2023 meeting. It also updated the Board on progress of selected items.

The Board:

noted the prioritisation activity undertaken by Pharmac staff since October 2023 and the progress of selected items from Pharmac's prioritisation list

noted that Pharmac staff intend to widen the current parallel assessment process for cancer medicines, whereby Pharmac and Medsafe assess funding and registration applications at the same time, to encompass applications in all other treatment areas. There will be no change to the process for rare disorders treatments, for which Pharmac will assess funding applications prior to Medsafe submission.

9.2 Pharmaceutical Budget Management Report

This paper updated the Board on the pharmaceutical budget, including the February 2024 expenditure forecast. It aimed to enable a wider discussion by the Board regarding planned activities to manage expenditure in 2023/24 and in the out-years.

The Board:

Combined Pharmaceutical Budget

resolved to set a new 2023/24 Combined Pharmaceutical Budget (CPB) expenditure target of [REDACTED]

noted that the Combined Pharmaceutical Budget (CPB) for 2023/24 is \$1.498 billion [REDACTED]

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noted that [REDACTED] for the impact of the removal of the \$5 co-payment are being considered for approval by joint Ministers. If approved the CPB would be [REDACTED]

noted that, as outlined in the Financial Report (Board Agenda item 6.2), the February 2024 CPB forecast shows expenditure for 2023/24 is estimated to be [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

noted that Pharmac staff will continue to monitor CPB expenditure and may seek updated CPB delegations from the Board at a future meeting if required.

COVID-19 Vaccines

noted that funding of \$81.2 million is included in the 2023/24 CPB for the purchase of COVID-19 vaccines. To the end of January, a total of [REDACTED] has been expended/committed. We are not anticipating purchasing additional COVID-19 vaccines and the forecasted COVID-19 vaccine expenditure has been adjusted accordingly – this is reflected in the estimated CPB expenditure forecast figures in the financial report

COVID-19 Treatments

noted that the Government has approved funding of \$84 million for COVID-19 related treatments for 2023/24. This comprises [REDACTED] for Pharmac's operating budget to cover the distribution costs of those treatments in 2023/24. To the end of January, a total of \$74 million has been committed. We are not anticipating purchasing additional COVID-19 treatments and the forecast has been adjusted accordingly – this is reflected in the estimated CPB expenditure forecast figures in the financial report.

Anthony Jordan/Diana Siew

Carried

9.3 Pharmaceutical transactions report

This paper provided the Board with an advanced overview of current issues relating to pharmaceuticals funded through the Combined Pharmaceutical Budget (CPB), including an update on vaccines, COVID-19 treatments, current significant supply issues and the contentious, large or significant pharmaceutical transactions and investments that staff are currently progressing.

The Board:

noted the update from Pharmac staff on current issues and the large and/or significant medicines transactions that are currently planned or in progress.

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noted the summary of decisions made under Delegated Authority during November 2023, December 2023, and January 2024 by the Chief Executive; Acting Chief Executive; Director, Pharmaceuticals; Acting Director, Pharmaceuticals; Manager, Pharmaceutical Funding; Senior Exceptions Advisor/Team Leader and Senior Therapeutic Group Manager/Team Leaders

resolved to delegate decision-making to the Chief Executive for a multiproduct proposal with GSK.

noted that delegation of the GSK multiproduct proposal will only be required if we are unable to take a proposal to the March Board meeting because of consultation timing issues.

Margaret Wilsher/Talia Anderson-Town

Carried

9.4 Proposal to award Principal Supply Status in Te Whatu Ora New Zealand hospitals for sugammadex vials

This paper sought a decision from the Board on awarding a tender for Principal Supply Status for sugammadex vials, resulting from Pharmac's Annual Invitation to Tender.

The Board:

resolved to accept the tender from Boucher for its brand to be the Principal Supply brand of the Hospital Pharmaceutical sugammadex inj 100 mg per ml, 2 ml vials and 5 ml vials, with a DV Limit of 5%, from 1 December 2024 until 30 June 2027;

resolved to amend the price of Boucher's brand of sugammadex inj 100 mg per ml, 2 ml vials and 5 ml vials in Part II of Section H of the Pharmaceutical Schedule from 1 July 2024 as follows:

Chemical and presentation	Brand	Pack Size	Current Price (ex-man., ex. GST)	Proposed price (ex-man., ex. GST)
Sugammadex Inj 100 mg per ml, 2 ml vial	Sugammadex BNM	10		
Sugammadex Inj 100 mg per ml, 5 ml vial	Sugammadex BNM	10		

resolve that the consultation on this proposal was appropriate and no further consultation is required

noted that this proposal would not result in a change of brand for sugammadex vials.

Talia Anderson-Town/Diana Siew

Carried

9.5 Medical Devices Transaction and Investment Report

Some information may have been redacted for reasons including confidentiality

This paper provided a monthly update to the Board on progress with medical devices national contracting activity. The decisions made under Delegated Authority for Medical Devices are now added as an appendix to this report, rather than a separate agenda item.

The Board:

noted the update on progress with medical devices national contracting activity

noted the summary of decisions made under Delegated Authority during November, December and January by the Director, Medical Devices.

10.0 Regular Reporting

10.1 Communications and Government Services Report

This paper summarised communications and government services activity for January 2024 and the impact of our work.

Staff commented that we are taking a more targeted approach to media releases – including a clinical and patient voice.

The Board:

noted that we are working to increase clinical and consumer voices in our proactive media, to better explain the impact of our work

noted that our media sentiment score (MIS) fell to -1.2 in this quarter due to several negative media issues

noted that the 2023 Year in Review will be sent to stakeholders as part of the March Kauneke Update and published on the Pharmac website

noted that we are proactively seeking feedback from website users to understand what enhancements we can make

noted that our timeliness for OIA responses has improved and we have further process improvement work underway for government services

noted that there are regular interactions with the Minister of Health's and Associate Minister of Health's (Pharmac) offices.

11. Interest Articles

The Board **noted** the interest articles.

13. General Business

No general business matters were raised.

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The meeting closed at 3.00pm with a karakia.

Date of Next Meeting

The date for the next Board meeting is set for 28 March 2024.

Approved

28 March 2024

Dr Peter Bramley, Acting Chair

Date