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**Pharmaceutical Management Agency (Pharmac)**

**Minutes of the Board Meeting held on Friday 26 July 2024, at 9.30am**

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

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**Present:**

**Board members**

Paula Bennett	Chair
Dr Peter Bramley (BSc (Hon), LL.B, PhD)	Deputy Chair
Talia Anderson-Town (BBS, PG Dip Professional Accounting, CA, CPP)	Board member
Dr Diana Siew (PhD)	Board member
Dr Margaret Wilsher (MD, FRACP, FRACMA)	Board member

**Apologies**

Trevor Simpson	Kaituruki Māori – Director Māori
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**Board Observers**

Dr Jane Thomas	Board Observer, PTAC Chair ( <i>via Teams</i> )
Robyn Manuel	Board Observer, CAC Chair ( <i>via Teams</i> )

**Pharmac staff in attendance**

Sarah Fitt	Chief Executive
Catherine Epps	Director, Medical Devices
Michael Johnson	Director, Strategy, Policy & Performance ( <i>via Teams</i> )
Geraldine MacGibbon	Director, Pharmaceuticals
Kathryn McInteer	Director, Corporate Services
Nicola Ngawati	Director, Equity & Engagement
David Hughes	Director, Advice and Assessment/CMO
Jacqui Webber	Board Secretary (Minute taker)

Attendees joined the meeting to present relevant papers: Graham Durston, Ishani Noble, Yazmin Juned, Ben Campbell-Macdonald, Adrienne Martin, Marinda Van Zyl-Greene, Andrew Davies, Brent McPherson, Davina Carpenter, Caroline De Luca, Ryan Perica, Rachael Dowrick, Anna Pai, Jannel Fisher and Cushla Managh.

## **1. Welcome and Opening of Meeting**

The Chair welcomed everyone and opened the meeting at 9.05am. She provided a recap of the previous day's Board Only session and updated the Senior Leadership Team on some outcomes.

- The Chair and the Board acknowledged the work of kaimahi in recent times – it is phenomenal and the Board is very grateful, and would like this fed back to kaimahi.
- The Chair outlined that there are going to be some changes to the structure of the Board agendas and papers. The Board appreciate the level of detail in papers and would like to have SLT presenting papers in future, noting that papers will be taken as read – the Board would just like to receive highlights that need to be noted. Authors will only need to attend meetings, if there is a very detailed paper that an SLT member needs support with.
- SLT need to keep the Board apprised of how they can provide support – Board members are available and here to help.
- Engagement and LOE – there is a sense for change – can we do a set piece on the journey of assessment.
- Board Committees – we will reduce down to one committee called Finance, Audit and Risk Committee (FAR) which will be chaired by Talia Anderson-Town – this will include some of the papers that would have previously gone to the Health & Safety Committee. The Health & Safety Committee and Audit & Risk Committee will no longer be required. The FAR meetings will possibly be held virtually, the week prior to a Board meeting, however, this is something that the FAR Chair will work through with staff. In future, the Board would like to see less repetition between Committee papers and Board papers, unless Board sign off is required. A review of the Terms of Reference will also be carried out.
- The Board would like to continue having guests attend meetings and would like to add to the proposed schedule, the likes of Social Investment agencies, ACC, Health NZ, etc.
- The Board confirmed that 2025 meetings will be held on the last Tuesday of the month. The Board Secretary will circulate finalised dates.

The Board noted Anthony Jordan's resignation from the Board, effective 17 July. They acknowledged the tremendous work that he has done and his contribution during his tenure.

## **2. Governance and Information matters**

### **2.1 Glossary of Terms**

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

### **2.2 Board Actions**

The Board **noted** the Actions.

### **2.3 Matters Arising**

The Board **noted** the Matters Arising.

### **2.4 Board Annual Agenda 2024**

The Board noted the Annual Agenda for 2024. It was also noted that this will be revisited following the outcomes of the Board only session.

Board meetings are confirmed for the last Tuesday of the month in 2025.

## **2.5 Board and Committee Member Terms and Attendance Record**

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

## **2.6 Interests Register**

The Board **noted** the Interests Register and congratulated Talia on her new appointment as Commissioner at Lotto New Zealand.

## **3. Record of Previous Meetings**

### **3.1 Minutes of Board meetings**

The Board:

**resolved** to adopt the minutes of the meeting held on 25 June 2024; and

**noted** and **endorsed** the minutes of the Health and Safety Committee meeting held on 31 May 2024.

### **3.2 Minutes of CAC Meetings**

The Board **noted** the minutes of the June Consumer Advisory Committee meeting and the summary of key issues across the meeting.

## **4. Chair's Report**

### **4.1 Verbal Update from the Chair**

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

- In addition to the updates earlier in the meeting, the Chair has been meeting with a number of people, including stakeholders and industry contacts and has continued to have very positive meetings with the Minister.
- The Chair and CE met with Minister Reti and he was very complimentary of how fast Pharmac is moving, following the uplift of additional funding
- The Chair and CE also met with the Chair and CE of Health NZ, which was very positive.

### **4.2 Correspondence**

The Board **noted** the correspondence report.

## **5. CE Report**

### **5.1 Chief Executive's Report**

The Chief Executive spoke to her report and in particular noted:

- Had a useful meeting with CE of Ministry of Women and Pharmaceutical Society of NZ and they are happy to help us with our communications around shortages
- Inactive funding applications – we had a bottleneck in our system which we have now cleared over 500 of these applications. This has been a huge piece of work over the last few years
- Rare disorders strategy was launched yesterday by the Ministry of Health– this has been worked on in conjunction with our team.

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

## 5.2 Financial Update

The purpose of this paper was to update the Board on the pharmaceutical budget expenditure, associated risks, our approach to managing the CPB, COVID-19 expenditure and forecasting, Pharmac operating result and to provide the Board with an overview of unaudited financials for June 2024.

The Board noted that the detailed finance paper will go to the new FAR Committee in future.

The Board:

**noted** that all financial statements contained in this paper were for the year ended 30 June 2024 and are currently unaudited and may be subject to change.

### Combined Pharmaceutical Budget

**noted** that the Combined Pharmaceutical Expenditure Budget (CPB) for 2023/24 was \$1.521 billion [REDACTED]

[REDACTED]

[REDACTED]

**noted** that Budget 2024 includes [REDACTED]

[REDACTED]

**endorsed** a recommendation to set the expenditure target for 2024/25 at [REDACTED] to enable Pharmac to deliver on its commitments, take advantage of investment opportunities and absorb additional cost in the event of an unexpected level of expenditure.

## 5.3 Chief Executive Delegations

Pharmac's delegations are in two parts. First, the Board delegates to the Chief Executive via the Chief Executive Delegations Policy, which is appended to the Board Manual. The Chief Executive then sub-delegates to Pharmac staff via an operational delegations policy. The Audit and Risk Committee oversees the schedule of sub-delegations as part of its audit function.

During a recent review, the Audit and Risk Committee identified that the current Chief Executive Delegations Policy does not contain a monetary limit for capital expenditure beyond the annual budget for capital expenditure approved by the Board and therefore, the Committee requested that a limit be added for Chief Executive signoff on capital expenditure, so that significant decisions need to go to the Board.

The Board:

**approved** an amendment to the Chief Executive Delegation policy, to reserve capital expenditure decisions with a value of more than \$2 million exclusive of GST, to the Board

**directed** management to update the Board Manual and operational delegations to reflect this change.

#### **5.4 Legal Report - Confidential and Legally Privileged**

Pharmac's legal team provides legal oversight of contracts, supports decision making processes and manages privacy, legislative compliance, litigation, and administrative complaints.

The legal report provided 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 contents of the legal report.

#### **5.5 The Legal Risk Fund**

The purpose of this paper was to provide the Board with information to assess if changes to the Legal Risk Fund Policy are appropriate and if so, how such a change might be effected. The Board was asked to provide its view on next steps.

The Board:

**agreed** to defer this paper, with a review in two years.

**ACTION:** Provide the Board with an analysis on litigation insurance by end of year.

### **6. Schedule & Funding**

#### **6.1 Prioritisation Report**

This report described prioritisation activity since the last report presented to the Board at its May 2024 meeting. It also updated the Board on the progress of selected items from the prioritisation lists.

The Board:

**noted** the prioritisation activity undertaken by Pharmac staff since May 2024 and the progress of selected items from Pharmac's prioritisation list.

#### **6.2 Combined Pharmaceutical Budget Management Report**

The purpose of this paper was to update the Board on Pharmac's plans to manage the CPB. It aims to enable a wider discussion by the Board regarding planned activities to manage expenditure in 2024/25 and in the out-years.

Particular comments included:

- 21 consultations issues in July – last year was a total of 28
- Working with Health NZ to ensure we can implement r

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- A programme of work is underway to address the risks and we are working closely with our health sector partners.

The Board:

**noted** that if approved, the Combined Pharmaceutical Budget (CPB) expenditure target for 2024/25 would be \$1.549 million [redacted] would remain available for new investments in 2024/25

**noted** the portfolio of recent, current and planned investments underway to invest the available CPB headroom

**noted** that staff will provide the Board with opportunities to reassess the appropriateness of the expenditure target at regular intervals, in line with our planned forecast updates and as we gain more certainty around some of the more significant investment transactions.

### **6.3 Pharmaceutical transactions report**

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

The Board:

**resolved** to delegate decision-making to the Chief Executive for a number of proposals that fall within the Board's financial delegations, to enable decisions to be made at the earliest available opportunity, to meet proposed timeframes, enable faster access to medicines for patients, and/or to support implementation of the proposals (both from a health sector perspective and for suppliers who need time to build up sufficient stock). These proposals are:

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

**noted** that if following consultation, any of the above proposals were considered to be contentious, we would take them to the Board for a decision

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

**noted** the summary of decisions made under Delegated Authority during June 2024.

### **6.4 Medical Devices Transaction and Investment Report**

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This paper provided an update to the Board on progress with medical devices national contracting activity. It also included some updates on some wider medical device programme activity.

The Board:

**noted** the update on progress with medical devices national contracting activity

**noted** the summary of decisions made under Delegated Authority during May by the Director, Medical Devices.

## **7. Key Items**

### **7.1 2023/24 Quarter Four 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:

**resolved to approve** the 2023/24 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.

### **7.2 Quarter 4 Risk Report and Register**

The purpose of the risk management programme and this paper summarising its status, is to identify potential problems before they occur, or in the case of mitigation or improvement opportunities, to ensure that positive action steps are taken.

The Board:

**noted** that the Audit and Risk Committee reviewed the quarter four register on 25 June 2024

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

**noted** the exception that emerged after the quarter four report was prepared for Audit and Risk Committee. This was in relation to additional funding uplift.

### **7.3 Annual Review of the Audit and Risk Committee Terms of Reference**

The review will be deferred and undertaken by the Finance, Audit & Risk Committee.

## **8. Strategic Planning and Policy**

### **8.1 'Enhanced Assessment and Decision-Making' Strategic Priority: Progress on Backlog**

This paper provided an update on the backlog project to process all proposals awaiting assessment.

The Board:

**noted** that enhanced assessment and decision-making is one of our strategic priorities in our 2023/24 – 2026/27 Statement of Intent

**noted** the three key areas of focus over the next three years:

1. enhance how we assess and make funding decisions to make our processes timelier and more transparent, better coordinated with sector partners, and centred around health equity and other Pae Ora health sector principles
2. strengthen the voice of the New Zealand public in our considerations
3. ensure people benefit from funding decisions we make

**noted** we are on track to eliminate the clinical advice backlog, but addressing the health economic assessment backlog remains challenging

**noted** that the Pharmaceutical Assessment Team is currently in the process of undertaking initial assessments of all proposals in the backlog.

## **8.2 Update on ‘Enhanced Assessment and Decision-Making’ Strategic Priority: enhancing consumer engagement**

At each Board meeting, we provide the opportunity for the Board to have a focused discussion on key strategic themes. This paper provided the Board with an update on progress and next steps for the ‘Enhanced Assessment and Decision Making’ strategic priority since the last update to the Board in March 2024, focussing on enhancing our consumer engagement.

The Board:

**noted** that enhanced assessment and decision-making is one of our strategic priorities in our 2023/24 – 2026/27 Statement of Intent

**noted** that one of the three key areas of focus over the next three years is to strengthen the voice of the New Zealand public (particularly consumers) in our considerations

**noted** further work is required to scope and prepare a business case to seek funding for the necessary resource to support a consumer engagement work programme for Budget 2025

**noted** the next steps for the year ahead.

## **8.3 Data and Digital Strategy 2024- 2029**

This paper provided the Board with a Data and Digital Strategy to support Pharmac’s strategic direction and which will also support future Board direction.

Comments included:

- The Board commented that it would be helpful to understand the strategic intent in more detail. The investment and business cases need to be strong. Will there be any cost savings long term and will it increase efficiencies. The Board would like more detail on next steps and would also like an external review, to ensure we are on the right path and ensure we haven’t missed any key pieces.
- The Board want clarity across all phases with a clear strategy and benefits.
- There are three phases –. Board would like to see full programme costs.

**ACTION:** Digital strategy – add to September strategy session.



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Add as a standing Board agenda item for next 6 months for updates.

The Board:

**noted** that the Data and Digital strategy supports the direction of Pharmac's Statement of Intent

**noted** the Data and Digital Strategy 2024 – 2029

**noted** development of the internal business case for the work in the 2024/2025 financial year

**noted** that we intend to develop a budget 2025 bid to fund the transformative work for Medical Devices and other systems.

#### **8.4 People and Capability Strategy Progress Report**

This paper provided the Board with an overview and update since the last update to the Board in May, of the People and Capability Strategy work programme (the Strategy) and a proposed plan for the next 90-day period.

The Board:

**noted** the People and Capability Strategy work programme update

**noted** the upcoming 90-day plan.

**ACTION:** 90 day plan to be revisited following receipt of LOE.

#### **8.5 Public Affairs Strategy**

This paper updated the Board on the development of Pharmac's three-year public affairs strategy and the supporting implementation plan.

The Board:

**noted** the four objectives outlined in the public affairs strategy which are actively transparent, responsive, inclusive, and collaborative.

**noted** there will be an organisational approach to develop the implementation plan.

### **9. Regular Reporting**

#### **9.1 Communications and Government Services Report**

This paper summarised the communications and government services activity for the previous month and the impact of our work.

The Board:

**noted** there is high public interest in medicine consultations following our recent budget increase. We are proactively communicating and have created a website tool to increase visibility of this work

**noted** that all supply issues impacting patients are detailed on our website on a medicine notice page, which gets over 30,000 page views a month

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**noted** that Pharmac's overall reputation score has increased by one point from 59 in 2023 to 60 this year in the 2024 Public Sector Reputation Index

**noted** that most staff feel well informed with our current internal communications, however we continue to explore ways to enhance internal communications

**noted** that 100% of OIA responses for the first half of 2024 were responded to on time.

**10. General Business**

Medical devices/data and digital strategy - Deputy Chair to discuss further with Director Medical Devices.

The meeting closed at 1.40pm with a karakia.

**Date of Next Meeting**                      27 August 2024

**Minutes approved:**

*Approved and signed*

27 August 2024

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Paula Bennett, Chair

Date