

MINUTES OF THE PHARMACEUTICAL MANAGEMENT AGENCY (PHARMAC)

BOARD MEETING JULY 2022

The meeting was held by Zoom and started at 9.00am with the following attendees:

Board members

Steve Maharey	Chair
Claudia Wyss	Board member
Anthony Jordan	Board member
Talia Anderson-Town	Board member
Diana Siew	Board member
Elizabeth Zhu	Institute of Directors, Future Director
Board Observers	
Lisa Lawrence	Observer, CAC Chair
Peter Bramley	Observer, Te Whatu Ora Representative
Marius Rademaker (for Jane Thomas)	Observer, Deputy PTAC Chair

Pharmac staff in attendance

Sarah Fitt	Chief Executive
Carol Morris	Board Secretary
Lisa Williams	Director of Operations
Peter Alsop	Director of Engagement & Implementation
Michael Johnson	Director of Strategic Initiatives
Kathryn McInteer	Director Finance and Corporate
Trevor Simpson	Chief Advisor Māori
David Hughes	Chief Medical Officer

Attendees joined the meeting via Zoom to present relevant papers: Jannel Fisher, Helen Fielding, Brent McPherson, Davina Carpenter, Angela Cathro, Mark Brewer, Geraldine MacGibbon, Ben Campbell-MacDonald and Andrew Davies.

It was noted that Peter Bramley is now Te Whatu Ora observer on the Board, and appreciation was given to Marius Rademaker for deputising for Jane Thomas at the meeting.

The Board Meeting started with a Karakia.

1. Directors-only Discussion

- Te Tiriti accountabilities.
- In relation to a facilitator for the Board strategy day, it was acknowledged that the facilitator should have a good knowledge of Pharmac.
- Keen for horizon-scanning as part of background reading and have requested the pack to arrive two weeks in advance.
- The Chair and Chief Executive attended the CAC face-to-face meeting on 8 July. The draft review response was discussed with team. There has been one resignation so two new members need to be recruited.
- The Chair noted that it is open for Board members to attend future CAC meetings.

- There is an offsite meeting scheduled for October in Auckland, and preference is for a regional off-site meeting in the new year.

2. Glossary of Terms

2.1 Board Actions

The Board **noted** the Board Actions.

2.2 Board Annual Agenda 2022

The Board **noted** the Annual Agenda 2022.

2.3 Board and Committee Member Terms

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

2.4 Apologies

Jane Thomas, Board Observer, PTAC Chair.

3. Record of Previous Meetings

3.1 Minutes of 1 July 2022 Board Meeting

The Board **resolved** to adopt the minutes of the 1 July 2022 Board meeting as being a true and correct record.

Claudia Wyss and Diana Siew **Carried**

3.2 Minutes of 15 July 2022 Out-of-Cycle Board Meeting

The Board **resolved** to adopt the minutes of the 15 July 2022 Board meeting as being a true and correct record.

Diana Siew and Anthony Jordan **Carried**

3.3 Minutes of Special Audit and Risk Committee Meeting

The Board **resolved** to adopt the minutes of the 30 June 2022 Audit and Risk Committee meeting as being a true and correct record.

Talia Anderson-Town and Claudia Wyss **Carried**

3.4 Minutes of 1 July 2022 Audit and Risk Committee Meeting

The Board **resolved** to adopt the minutes of the 1 July 2022 Audit and Risk Committee meeting as being a true and correct record.

Talia Anderson-Town and Claudia Wyss **Carried**

3.5 Health and Safety Committee Recommendation

A verbal overview was given by the Chair of the Committee from the Health and Safety Committee meeting held on 29 July. The key topics discussed included noting there will be a refresh of the Health and Safety framework, a 90-day sprint document was presented and discussed, and risks on the Risk Register are stable with most being green and working towards resolution.

A Health and Safety walk-around of the Pharmac offices for Board members will be organised for the November Board Meeting.

4. Interests Register

The Board:

noted the interests register

noted any decisions by the Chair to manage actual or potential conflicts of interest as follows:

Talia Anderson-Town:

- Removal of:
 - Board member of Whanganui District Health Board
 - Chair of the Finance Risk and Audit committee of the Whanganui District Health Board

Jane Thomas (Board Observer):

- Appointment as:
 - Member of the ANZCA/FPM (The Australian and New Zealand College of Anaesthetists, Faculty of Pain Medicine) Indigenous Committee
 - Member of the ANZCA/FPM (The Australian and New Zealand College of Anaesthetists, Faculty of Pain Medicine) Trainee Selection Working Group
 - Member of the ASMS (Association of Salaried Medical Specialists) Māori Rōpū
 - Stakeholder in Ubiquitome Limited – start-up laboratory device company
 - Social contact with Kirsty Graham, Vice President, Corporate Affairs, Global established pharmaceutical business, Pfizer Inc, New York.

Liz Zhu (IOD Future Director):

- Appointment/removal of:
 - Consultant for Pharmaceutical Benefits Scheme (Australia) for June to July 2022.

Peter Bramley (Board Observer):

- Appointment of:
 - Interim Regional Director Te Waipounamu
 - Interim District Director Waitaha Canterbury and Te Tai o Poutini West Coast.

Diana Siew

- Interests in:
 - Working Group attached to Te Whatu Ora Data and Digital Directorate to develop health technology innovation strategy for the new health system
 - Contributing to Te Whatu Ora working group around medical devices lifecycle management in the new health system

- Co-lead of CMDT and TIN collaboration on the Healthtech Insights 2022 Report showcasing the NZ health tech sector focusing on research and industry activities.

Anthony Jordan

- Declared the following Interests at the meeting:
 - Acting Chief Clinical Officer at the NRHCC
 - Clinician at Auckland City Hospital.

5. Matters Arising

The Board **noted** the matters arising and actions progressed.

The Board endorsed the Audit and Risk Committee's revised framework and operationalisation principles and approaches for risk management.

6. Chair's Report

6.1 Verbal update by the Board Chair

- The chair advised:
 - A CAC Meeting was held on 8 July.
 - A meeting with the Board was held to discuss the draft review response on 25 July.
 - The Chief Executive attended the Director-General's farewell, who was recognised for his enormous amount of work.
 - The Institute of Directors (IOD) have now completed the Board Evaluation. The Board will now review the evaluations
 - There has been a 360 review of the Chief Executive carried out by Institute of Directors (IOD) and currently finalising Chief Executive KPIs which will go into the Board pack for future meetings.
 - Senior Leadership team to give feedback on Board.
 - Chair and Chief Executive had their regular quarterly meeting with Ministry of Health.
 - Chair and Chief Executive met with Minister Verrall.
 - Chair talked with Ministry of Health about a new sixth Board member and it was advised there is a list of people so it is anticipated that the new Board member will be appointed by the end of the year.

6.2 Correspondence

The Board **noted** the correspondence report.

7. Chief Executive's Report

7.1 Report

Review Response

Focus over the last month has been on preparing the response to the Review, which was sent to the Minister of Health on 28 July.

Health Select Committee

The Chief Executive and Chair have been invited to attend the Health Select Committee on 3 August to brief the Committee on the response to the Pharmac Review Panel's final report and findings.

Complaints Process

A new Pharmac complaints' process has been launched in line with recommendations from FairWay and there is a link in the report to the website.

Impact of COVID-19 on staffing

We are experiencing high staff absence due to COVID-19 and other winter illnesses.

Operational Budget

For 2021/22 our operational budget met its expenditure target. This was well received by the Board as our recent experience over last few years has been budget underspend. The Board noted their appreciation to the team for their hard work.

Financial Commentary

It was requested that a more detailed financial commentary be added to the financial reports for upcoming meetings to explain in more detail context/background of financial position at that time.

Action: A more detailed Financial Commentary to be provided at the next Board meeting.

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

7.2 Communications Report

This paper summarises communications activity for June 2022. Separate to this routine paper, and flowing from the Board's discussion at its last meeting, the following is being worked on (for discussion in September):

- a roadmap for strengthening Pharmac's connections and coordination with the health and disability system
- a paper on the direction and priorities of communications and influencing to further build trust and confidence in Pharmac's work (including, for example, whether we increase focus on health professionals).

The Board:

noted that there were five proactive media releases in June

noted that our media impact score slightly decreased again this quarter to +0.1

noted that we launched the new look Pharmaceutical Schedule

noted that our approach to social media has changed.

Action: To include costs and headcount for communications resource from the past five years in the next Communications Report.

8. Key items

8.1 Themes for 2022 Year in Review

This paper seeks to provide the Board with an update on the planning for the 2022 Year in Review and an indication of the content that will be covered.

The Board:

noted the approach to the 2022 Year in Review

noted the proposed key theme is 'enhancing how we work in a new context' and the content will highlight our successes in the past year and look to the future.

It was suggested to get better involvement and collaboration in terms of aligning success stories, and whether to look at an international perspective to demonstrate how Pharmac is viewed.

8.2 2021-22 Quarter 4 Performance Report

This paper provides a summary of the progress of our strategic initiatives, and some strategic insights for consideration.

The Quarter Four Performance Report is attached as Appendix One. It includes highlights and progress for the quarter, with some further detail provided in this paper.

Note we have removed the overall RAG rating for each strategic priority, but kept the rating for each initiative.

The Board:

noted Pharmac's 2021/22 Quarter Four Performance Report

noted the following key insights from the Quarter Four Performance Report (refer to Appendix One):

1. Pharmac has made good progress towards delivering the initiatives set out in our Statement of Performance Expectations 2021/22
2. while the majority of strategic priority initiatives are on track, one initiative (measuring our Te Tiriti responsiveness) is rated red and will not be achieved in 2021/22 (as it is awaiting the finalisation of our Te Tiriti policy)
3. While not all data is available yet, performance measures appear to be largely on track for achievement and will be reported on in our draft 2021/22 Annual Report.

It was noted that the Quarter Four Performance Report (excluding the Organisational Excellence section) will be sent to the Minister of Health and published on our website in line with our proactive publication policy to increase our transparency.

Quarter four was challenging, but initiatives were largely on-track. Data gathering impacted by people being on leave but looking positive for the Annual Report.

The Board discussed how useful the 'RAG' reporting format was and agreed that it should be revised for the year ahead. The September Board strategy workshop provided an opportunity for further discussion on performance reporting.

8.3 Risk Report and Risk Register – Q4

The full risk register is considered by the Audit and Risk Committee and provided to the Board as an information item. 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 the risk register (attached as Appendix One), which provides a summary of current and ongoing risks of relevance to the Board

noted that the Board reviewed the exceptions risk report (as of 13 June 2022) at its 1 July 2022 meeting

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

Action: Risk tolerance to be reviewed at next Audit and Risk Committee Meeting.

8.4 Update Rōpū Pharmac Partnership Framework

This paper proposes that the Tiriti framework for partnership discussed earlier with the Board in May and in meetings with the Rōpū Māori in May and July be progressed further through facilitated wānanga. It is also proposed that an external Māori professional facilitator be commissioned to work with all parties to move this kaupapa forward and to assist the formation of an agreed framework.

The Board:

noted the update on discussions to form a Partnership framework for the Board, Senior Leadership Team (SLT) and Te Rōpū Māori

agreed to initially bring a small focus group of the Board, SLT and Te Rōpū Māori together for a facilitated discussion on a Partnership framework

agreed to the Chief Advisor Māori sourcing an appropriate external Māori expert in the Public Sector, Māori Sector Engagement, Te Tiriti and structuring to facilitate wānanga to move this work forward.

It was suggested a small group of no more than 3 people meet with co-chairs about who they would like to join, with the suggestion that the chair of PTAC might be useful member. Discussions taking place with the wider team, and it was suggested that Anthony Jordan could be a good addition.

9. Strategic Planning and Policy

9.1 Update on Te Whaioranga

This paper provides the Board with an update on *Te Rautaki o te Whaioranga*, Te Pātaka Whaioranga Pharmac's Māori Responsiveness Strategy (Te Whaioranga strategy) and an overview of work planned for the 2022/23 year.

The Board:

noted progress made in 2021/22 in implementing Te Whaioranga Strategy

noted Te Whaioranga Strategy is due to be renewed in 2023 and will realign and reflect the direction of the Pae Ora (Healthy Futures) Act 2022 (Pae Ora), the recommendations from the independent Pharmac review and the Interim Government Policy Statement on Health 2022-2024 and engagement with whānau, hapū and iwi.

Focus on health and safety of Māori staff is a high priority. This relates to the strategic priorities within Te Whaioranga, the Te Tiriti policy and the work that has begun on reviewing institution racism within the organisation. It also correlates to the priority to increase staffing levels and ensure the organisation is one where Māori want to work.

In relation to the response to the review, between now and October we need to look at how we can build in equity, acknowledging this is a big piece of work and requires transformational change.

It was advised that in relation to Pae Ora Māori, there was good discussion with Riana Manuel, Chief Executive of Te Aka Whai Ora, where she talked about initial discussions in relation to a partnership approach, and what conditions are being focussed on so we can collaborate.

Suggestion was for internal Te Reo lessons and the use of Te Reo to customers noting website is not bilingual, and external help should be commissioned to strengthen this area and to grow into and find the right balance with Te Whaioranga and Māori stakeholders.

An online training package is being put together which would lead to a half-day workshop for the Board, with the Chief Māori Advisor weaving the Board through the Te Tiriti capabilities. The medical team are currently working on and trialling with PTAC the online training tool with four one-hour sessions and a half day workshop, expected to be ready to roll out in November/December.

The Chief Executive advised there is an ongoing piece of work to create a safe work place for staff, with the Te Whaioranga team now reporting to her and working through with HR. Progress has been made noting there is some way to go. Complaints about racism in the way our systems are set up and how it affects the organisation's work with trying to make the environment safe for staff.

Action: Item to go to Health and Safety Committee as well as put on the Board agenda in relation to guidance on Health and Safety for Māori staff, and ascertain whether there are other gaps we should be aware of.

9.2 Enhance Key Functions

The purpose of this paper is to provide the Board an update on progress of the End-to-end Project, being implemented through the Pharmac process improvement programme, which was established in November 2021 after the conduct of an end-to-end review of our medicines assessment and decision-making processes.

The Board:

noted that current work is a continuation of efforts initiated in 2018 to make Pharmac's processes faster, clearer, and simpler

noted the progress of the End-to-end Project, being implemented through a process improvement programme to enhance Pharmac's medicine assessment and funding decision-making processes, by improving timeliness and transparency, and ensuring we meet our te Tiriti and equity goals (refer to Appendix One)

noted that the Process Improvement Team has already completed 20 small to medium-scale improvement projects which save staff approximately 2,883 workhours a year

noted subsequent future plans to also improve the efficiency of exceptional circumstances application processing, and schedule publishing

discussed the current position, noting the work underway to improve our medicine assessment and funding decision-making processes.

The Board acknowledged the importance of this work and the need to make progress in the second part of this year as a number of themes looking to progress were raised in the Pharmac Review.

10. Schedule and Funding

10.1 Pharmaceutical Budget Management Report

The purpose of this paper is to update the Board on the pharmaceutical budget, including June 2022 expenditure forecast and COVID-19 related expenditure. It aims to enable a wider discussion by the Board regarding planned activities to manage expenditure in 2021/22 and in the out-years. It also provides an update on COVID-19 costs incurred and any associated risks.

The Board:

Pharmaceutical Budget

resolved to set a pharmaceutical expenditure target of \$1.17 billion for 2022/23

noted that the Combined Pharmaceutical Budget (CPB) is now directly managed by Pharmac via the National Pharmaceutical Purchasing appropriation within Vote Health

noted that the CPB for 2022/23 is \$1.186 billion

noted that the June 2022 expenditure forecast shows that pharmaceutical expenditure for 2022/23 is estimated to be \$1.134.7 billion leaving \$51.3 million in funding unallocated

noted that fluctuations in dispensing patterns caused by the emergence of COVID-19 have increased the volatility and uncertainty of the expenditure forecast. Setting the target below the appropriation level would provide for \$16 million to manage this volatility, leaving approximately \$35 million of headroom available for investment in the 2022/23

noted the portfolio of recent, current and planned investments underway to spend the 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 and better understand impacts of dispensing fluctuations.

COVID-19 funding

noted that the Government has separately provided \$50 million for 2022/23 to cover COVID-19 related costs

noted we estimate known committed expenditure relating to COVID-19 is currently \$25.1 million for 2022/23, this is anticipated to change through the year as costs are identified

noted that staff have requested a drawdown of \$185.25 million (the balance of funds available for COVID-19 treatments) to purchase further COVID-19 treatments in 2022/23.

The Board noted the significant uplift in funding as part of Budget 2022 and the importance of meeting expenditure expectations.

Monkeypox vaccine and treatment being led by Te Whatu Ora, with Pharmac providing support as required.

Claudia Wyss and Anthony Jordan

Carried

10.2 Pharmaceutical Transactions Report

The purpose of this paper is to provide the Board with an advanced overview of current issues, including COVID-19 treatments, vaccines, current significant supply issues and the contentious, large or significant pharmaceutical transactions and investments that staff are currently progressing.

The Board:

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

noted that the expenditure update that is usually provided in this paper is addressed in the separate budget management options paper (Board agenda item 10.1).

10.3 Prioritisation Report

This report describes prioritisation activity since the last report presented to the Board at its May 2022 meeting. It also updates the Board on the progress of selected items from the following prioritisation lists:

- the top 10 proposals on the *Options for Investment* list
- proposals with a high PTAC priority on the *Options for Investment* or *Under Assessment* lists
- proposals with a high PTAC or Specialist Advisory Committee priority on the *Under-Assessment* list.

The full *Options for Investment* list as at 1 June is attached (refer to Appendix One).

The Board **noted** the prioritisation activity undertaken by Pharmac staff since May 2022 and the progress of selected items from Pharmac's prioritisation list.

10.4 Medical Devices Transaction and Investment Report

The purpose of this paper is to provide a monthly update to the Board on progress with medical devices national contracting activity.

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

Andrew Davies and other staff attended the MTANZ HealthTech Conference in June where there was a good attendance including from Te Whatu Ora and Te Aka Whai Ora, with the industry keen to hear about changes.

The Board acknowledged the good work that the Medical Devices Team are delivering and progressing.

10.5 Summary of Decisions made under Delegated Authority – June 2022

This report contains a summary of all decisions made by Pharmac staff under delegated authority during June 2022. These are listed under the following headings:

1. PTAC, Subcommittee, Panels and Advisory Committee Appointments
2. Pharmaceutical Schedule Listing Decisions - Medical Devices
3. COVID-19 Contingency Fund – Medicines and Medical Devices
4. Pharmaceutical Schedule Listing Decisions – Medicines
5. NPPA initial application approvals made by Director of Operations
6. Other NPPA initial and renewals made by Director of Operations
7. Pharmaceutical Schedule Rules

The Board **noted** the summary of decisions made under Delegated Authority during June 2022 by the Chief Executive, Director of Operations, Manager Pharmaceutical Funding, Senior Advisor/Team Leader and Senior Therapeutic Group Managers/Team Leaders.

11.0 Interest Articles

The Board **noted** the interest articles.

12.0 General Business

None noted.

The meeting closed at 2.05pm with a karakia.

The date for the next Board meeting is set for Friday, 30 September 2022.