

## **MINUTES OF THE PHARMACEUTICAL MANAGEMENT AGENCY (PHARMAC)**

### **BOARD MEETING MAY 2021**

The meeting was held at Level 9, 40 Mercer Street, Wellington starting at 9.00am with the following attendees:

#### **Board members**

Steve Maharey	Chair
Jan White	Deputy Chair
Ross Lawrenson	Board Member
Nicole Anderson	Board Member
Claudia Wyss	Board Member
Elizabeth Zhu	Institute of Directors, Future Director
Peter Bramley	Observer, DHB Representative
Mark Weatherall	Observer, PTAC Chair
Lisa Lawrence	Observer, CAC Chair

#### **PHARMAC staff in attendance**

Sarah Fitt	Chief Executive
Lisa Williams	Director of Operations
Alison Hill	Director of Engagement & Implementation
Michael Johnson	Director of Strategic Initiatives
Mark Woodard	Director of Corporate Services/CFO
Trevor Simpson	Chief Advisor Māori
Lizzy Cohen	Board Secretary

Graham Beever, Jannel Fisher, Chris Stewart, Geraldine MacGibbon, Brent McPherson, Mark Brewer, Caroline De Luca, Sarah Beri, Ben Campbell-Macdonald and Andrew Davies (PHARMAC staff) attended for relevant items.

#### **1. Directors' Only Discussion**

9.00am Directors' Only Discussion.

9.28am the Senior Leadership Team and Board Observers Peter Bramley and Lisa Lawrence joined for the guest speaker's presentation.

Guest speaker Diana Sarfati, Chief Executive Te Aho o Te Kahu, Cancer Control Agency presented to the Board to provide an overview of the agencies work programme, since it was established in September 2019. Diana also discussed with the Board current and future challenges for the health sector to provide equitable, effective cancer care, as detailed in the State of Cancer in New Zealand 2020 report.

10.14am Mark Weatherall, Observer PTAC Chair joined. The meeting continued with Board papers.

#### **1.1 Glossary of Terms**

#### **1.2 Board Actions**

**noted** the Board Actions.

### 1.3 Board Annual Agenda 2021

The Board noted the Board Annual Agenda 2021.

## 2. Apologies

None.

## 3. Record of Previous Board and Committee Meetings

### 3.1 Minutes of April 2021 Board Meeting

**resolved** to adopt the minutes of the April 2021 meeting as being a true and correct record.

Nicole Anderson and Claudia Wyss (carried)

### 3.2 Summary of March 2021 Consumer Advisory Committee (CAC) Meeting

**noted** the following summary of the Consumer Advisory Committee (CAC) meeting held on 12 March 2021; and

**noted** the minutes of the meeting will be published on the PHARMAC website in June.

### 3.3 Summary of February 2021 PTAC advice and recommendations

The Board were informed of the recommendations made by PTAC at its February 2021 meeting. The Board:

**noted** the following summary of the record of the Pharmacology and Therapeutics Advisory Committee (PTAC) meetings held on 18 and 19 February 2021 via videoconference; and

**noted** the February 2021 PTAC record was signed off by the Chair on 16 April 2021 and is published on the PHARMAC website.

The Board requested an update from staff at the next Board meeting in June on the PTAC discussion relating to the current evidence for medicinal cannabis.

## 4. Interests Register

**noted** the interests register; and

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

*[None required]*

## 5. Matters Arising

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

## **6. Chair's Report**

### **6.1 Verbal Report**

A verbal update was provided by the Board Chair.

### **6.2 Correspondence**

**noted** the correspondence report.

## **7. Chief Executive's Report**

**noted** the Chief Executive's Report;

**noted** the financials for April 2021; and

**noted** that the External Review Committee have requested to meet with Board members.

### **7.1 Legal Report**

**noted** the legal report which provides an update on current legal issues of relevance to the Board.

### **7.2 Communications Report**

This paper summarises communications activity for April 2021. The Board:

**noted** there is increased media attention on PHARMAC, and the resource required to respond to reactive media queries and the current media environment is impacting on our proactive media opportunities;

**noted** that our media sentiment score for January to March 2021 was -0.4 which is considered balanced or neutral;

**noted** that there was a 30% reduction in calls in April to the general enquiries team arising from process improvement work;

**noted** that printing of the Schedule ended in May and there has been a comprehensive and targeted communications plan to support the transition to online only; and

**noted** that negative comments on our social media posts are declining.

## **8. Strategy Planning and Policy**

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

This paper provided the Board with an overview of the People and Capability Strategy work programme and an update on progress. The Board:

**noted** the overview of the people and capability strategy programme and the progress made in implementing the first-year work programme;

**noted** the integration of the workplan to incorporate the capability components of Te Whaioranga with the aim of ensuring that each of these strategic work programmes reinforce each other;

**noted** the focus areas, work programme, and intended outcomes for 2021/22; and

**discussed** how the organisation is changing our identity (as reflected in the refreshed Values) to attract Māori staff to PHARMAC and opportunities such as the summer internships to provide an opportunity for Māori to experience working at PHARMAC.

## **8.2 Ngā Uaratanga o Te Pātaka Whaioranga – PHARMAC’s Values**

This paper provided an overview of the work that has taken place to refresh PHARMAC’s organisational values, and the vision of how they will be integrated to build a values-led culture and organisation reflecting the new values. The Board:

**noted** PHARMAC’s revised organisational values and the process that has been undertaken to define them; and

**noted** that staff intend to develop some narrative to support the values and to show, for example, where PHARMAC’s knowledge base and expertise sits within the values.

## **8.3 Input to External Review**

The Board:

**noted** that the Government formally announced on 2 March 2021 that it intended to conduct an independent external review (‘the Review’) into PHARMAC;

**noted** that the Review Committee will provide the Minister of Health with an interim report in August and a final report in December 2021; and

**noted** staff have developed a set of desired outcomes and also some proposed areas for further consideration by the Review Committee;

## **8.4 Māori Advisory Rōpū – A Tiriti partnership approach and options for the formation of the Rōpū**

This paper provided the Board with an update on the formation of the external Māori Advisory Rōpū (the Rōpū). The Board:

**noted** the formation of an external Māori Advisory Rōpū (Rōpū) is a key priority outcome of Te Whaioranga;

**noted** the draft Terms of Reference for the Rōpū;

**noted** the proposed Tiriti partnership approach in the formation of the Rōpū;

**noted** the proposed approach to the recruitment of the Rōpū members; and

**noted** that PHARMAC aim to have established the Rōpū by the end of July 2021.

## 8.5 Approval of Statement of Performance Expectations 2021/22

PHARMAC's 2021/22 Statement of Performance Expectations (SPE) was presented to the Board for final review and Board approval. The Board:

**approved** the 2021/22 Statement of Performance Expectations;

**noted** that the draft 2021/22 Statement of Performance Expectations was considered by the Board at its April meeting;

**noted** that the draft 2021/22 Statement of Performance Expectations has been reviewed by the Ministry of Health, Audit NZ and Bell Gully;

**noted** that minor changes have been made to the draft Statement of Performance Expectations following feedback received from the Board, the Ministry of Health, Audit NZ and Bell Gully;

**noted** the draft 2021/22 Statement of Performance Expectations has been submitted to the Minister of Health (via the Ministry of Health) for comments which will then be incorporated into the final Statement of Performance Expectations;

**noted** that following Board approval and any feedback from the Minister of Health, the Statement of Performance Expectations will enter a design phase with completed copies presented to the House of Representatives by 30 June 2021; and

**noted** that the SPE will be taken to design, proofread, and in part translated to Te Reo.

Ross Lawrenson and Nicole Anderson (carried)

## 8.6 Quality of PHARMAC's advice – NZIER Review Report findings

This paper summarised the findings from New Zealand Institute of Economic Research's (NZIER) review of a sample of PHARMAC papers. The Board:

**noted** that NZIER have undertaken an independent quality of advice review of a sample PHARMAC internal and Board briefing papers;

**noted** that NZIER's overall assessment is good, and that they have made a number of recommendations to enable PHARMAC staff to further improve quality;

**noted** that the recommendations from NZIER's review are being progressed through:

- ongoing refinement of PHARMAC templates; and
- current work underway to refresh PHARMAC's style guide and the introduction of a PHARMAC Writing Standard as part of the style guide.

**noted** that the quality of advice score will be reported in PHARMAC's 2020/21 Annual Report; and

**noted** that external benchmarking of briefing papers will be undertaken annually by NZIER so that progress can be measured and monitored in relation to quality of advice.

## **9. Key Items**

### **9.1 Establishment of the Process Improvement Team**

The Board were provided with an update on the work of the recently established Process Improvement Team. The Board:

**noted** that a dedicated Process Improvement Team was established in August 2020; and

**noted** the intended future direction of the process improvement activity and its work programme.

### **9.2 Upholding the principles of the Public Service Act**

This paper provided the Board with an update as to how as an organisation PHARMAC is upholding the principles of the new Public Service Act to assist the Board in fulfilling its duties under the Act. The Board:

**noted** that the new Public Service Act came into effect in August 2020;

**noted** that as a Crown Agent PHARMAC under the Public Service Act is made part of the public service in relation to the purpose, principles, values and spirit of service of the public service;

**noted** that the PHARMAC Board is responsible for ensuring that PHARMAC upholds the five public service principles when it is carrying out its functions;

**noted** the work and activity across the organisation to ensure that the principles of the Public Service Act are being upheld;

**noted** the Board Governance Manual will be updated later this year to include reference to the new Code of Conduct for Crown Entity Board members and to make more explicit the expectations of the Public Service Act; and

**noted** that a letter will be sent from the Board Chair to the Director-General of Health and Public Service Commissioner to confirm that the Board are comfortable and assured that we are upholding the principles with current activity and processes.

### **9.3 Risk Report - Exceptions**

**noted** the summary risk report, which provides an update on items on the Board risk register that have materially changed since the quarter 3 risk register was reviewed by the Board in April 2021.

The Board discussed the recent cyber security attack on Waikato DHB and the security measures PHARMAC staff currently have in place. Staff agreed to prepare a report on risks associated with cyber security to be presented at the next Board meeting in June 2021.

## **10. Schedule and Funding**

### **10.1 Pharmaceutical Expenditure and Transactions Report**

**noted** the current Combined Pharmaceutical Budget expenditure position and significant medicines transactions being planned or underway.

## **10.2 Prioritisation Report**

This report describes prioritisation activity since the last report presented to the Board at its January 2021 meeting. The Board:

**noted** the prioritisation activity undertaken by PHARMAC staff since December 2020 and the progress of selected items from PHARMAC's prioritisation list.

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

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

## **11. Regular Reports and Noting Papers**

### **11.1 Summary of Decisions Made Under Delegated Authority – March/April 2021**

**noted** the summary of decisions made under Delegated Authority during March and April 2021 by the Chief Executive, Director of Operations, Manager Pharmaceutical Funding, Senior Advisor/Team Leader and Senior Therapeutic Group Managers/Team Leaders.

## **12. Interest Articles**

**noted** the interest articles.

## **13. General Business**

NA.

## **Date of Next Meeting**

The date for the next Board meeting is set for Friday 25 June 2021.

The meeting closed at 1.57pm with a karakia.

Chair:

Date: