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**Pharmaceutical Management Agency (Pharmac)
Minutes of the Board Meeting held on 27 October 2023 at 9.15am
At Pharmac Offices, Level 9, 40 Mercer Street, Wellington and via Teams**

Present:

Board members

Hon Steve Maharey ((MA (Hons), CNZM))	Chair
Dr Peter Bramley (BSc (Hon), LL.B, PhD)	Deputy Chair
Dr Anthony Jordan (BHB, MBChB, FRACP)	Board member
Dr Diana Siew (PhD)	Board member
Dr Margaret Wilsher (MD, FRACP, FRACMA)	Board member

Apologies

Talia Anderson-Town (BBS, PG Dip Professional Accounting, CA, CPP)	Board member
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Board Observers

Dr Jane Thomas	Board Observer, PTAC Chair
Robyn Manuel (via Teams)	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 and Financial Services
Trevor Simpson	Kaituruki Māori - Director Māori
Nicola Ngawati	Director, Equity & Engagement
David Hughes	Director, Advice and Assessment/CMO
Catherine Epps	Director, Medical Devices
Jacqui Webber	Board Secretary

Attendees joined the meeting to present relevant papers: Graham Durston, Ishani Noble, Yazmin Juned, Anna Pai, Chris Gilman, Adrienne Martin, *JVersion forared* Solloway, Brent McPherson, Augusta Connor, Hannah Burgess, Natalie Germann, Christa Robinson, Hera Porē, Davina Carpenter and Jannel Fisher.

1. Director-only Discussion

The meeting commenced at 9.00am with Board only time. The full meeting commenced at 10am with the guest speaker. This was followed by a brief recap of the previous day.

During Director only time, the Board **noted** the tabled paper 'Response to release of information under the Privacy Act' and **endorsed** the action plan proposed by the Chief Executive and senior leadership team, to improve the Organisation's culture.

The action plan is in response to unprofessional comments made by some staff in some internal emails. The internal emails were released as part of a Privacy Act request.

Pharmac will implement four immediate and four short-term actions to ensure it upholds the Public Service values.

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Actions include:

- Engaging an external party to assist the senior leadership team and the Board with work underway on the culture of Pharmac.
- Updating induction for all new Pharmac staff and external advisors to ensure a stronger focus on responsibilities as public servants.
- Improving engagement with stakeholders to ensure Pharmac is listening to their concerns and responding to them appropriately and in a timely way.

The Chief Executive expressed her regret to the Board, over the comments. The Board has accepted her apology and verbal explanation. It has also requested that the Chief Executive offer a public apology.

The Board will be provided with regular updates on the implementation of the action plan and progress will be closely monitored.

2. Governance and Information matters

2.1 Guest Speaker

John Whaanga, Te Pou Hauora Māori - Māori Health, Manatu Hauora spoke with the Board on a number of topics. He shared his perspectives on the direction of the health system, Te Tiriti o Waitangi and other aspects of health, current Māori health direction, the Māori health action plan, Pae Ora Act and the current political environment. He strongly supports working together across all health agencies. The conversation was closed with a brief Q and A session.

2.2 Glossary of Terms

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

2.3 Board Actions

There were no Board Actions to note.

2.4 Board Annual Agenda 2023 and 2024

The Board **noted** the Annual Agenda 2023 and 2024.

2.5 Board and Committee Member Terms

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

2.6 Apologies

There were no apologies to note.

3. Record of Previous Board and Committee Meetings

3.1 Minutes of Board Meeting held on 29 September 2023

The Board **resolved** to adopt the minutes of the meeting held on 29 September 2023, as being a true and correct record.

Diana Siew and Peter Bramley

Carried

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3.2 Health & Safety Committee Recommendations

The Chair of the Health & Safety Committee provided a verbal update to the Board.

3.3 Summary of CAC Meeting

This paper informed the Board of advice received from the Consumer Advisory Committee at the meetings held in July and August 2023.



The Board:

received the minutes from the July and August Consumer Advisory Committee meetings; and

noted the summary of key issues across the meeting.

4. Interests Register

The Board **noted** the interests register.

An addition was advised by Anthony Jordan - Chair, New Zealand Clinical Immunology and Allergy Group (NZCIAG) as at 1 October 2023.

5. Matters Arising

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

6. Chair's Report

6.1 Verbal Update from the Chair

The Chair provided a verbal update on recent activities.

6.2 Correspondence

The Board **noted** the correspondence report.

7. CE Report

7.1 Chief Executive's Report

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

The Chief Executive acknowledged the work done by Michael Johnson while acting Chief Executive.

Actions: Circulate BIM to Board once finalised.

7.2 Financial Report

The purpose of this paper was 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 September 2023.

The Board:

Combined Pharmaceutical Budget

noted that the Combined Pharmaceutical Expenditure Budget for 2023/24 is \$1.498 billion

[REDACTED]

[REDACTED]

[REDACTED]

September 2023 financial results

[REDACTED]

7.3 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 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 Legal Report.

8. Key Items

8.1 People and Capability Strategy Progress Report

This paper provided the Board with an overview of the People and Capability Strategy work programme that is led by the People and Capability team, an update on areas of future focus and included 2022-23 People and Capability performance measures and achievements.

The paper also provided an opportunity for the Board to further discuss and agree actions that were presented by the Senior Leadership Team at the Board workshop on 26 October 2023. This followed instruction from the Board Chair to the Senior Leadership Team and is in response to recent public and media commentary following information being made public by an individual, following their receipt of a Privacy Act response.

The Board:

noted the work programme update for the People and Capability Strategy programme and the progress made since the last Board update in July 2023;

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noted that there has been a high-level of public and media commentary following information being made public by an individual following their receipt of a Privacy Act request in July 2023;

noted that the Board Chair met with the Senior Leadership Team on 9 October 2023 and instructed them to present actions to the Board to provide assurance to prevent a situation like this from happening in the future;

noted that the Board discussed and considered the actions presented by the Senior Leadership Team at the Board workshop on 26 October 2023;

noted that the People and Capability team will be required to provide the Organisation with support to enable clear expectations to mitigate the risk of future instances occurring. Noting additional resource may be required or planned work slowed or stopped; and

discussed and agreed actions in response to the matter.

Further comments noted:

- We need to link culture to public sector values and work on capability.
- Need to give more consideration to what we are doing to support our staff.

Action: Report back to the March Board on our plan and focus.

8.2 Exceptional Circumstances Update

The purpose of this paper was to provide the Board with its annual update on Pharmac's management of applications under the Exceptional Circumstances framework for 2022/23 and to highlight any particular areas where there have been changes in outcomes or approach since the last report.

The Board:

noted the update on activities under the Exceptional Circumstances framework, including an update on Named Patient Pharmaceutical Assessments, since the last update to the Board in October 2022.

Action: Update the Board in May 2024 on co designing a process with clinicians and Pharmac to create a better way to process applications. How do we make this easier.

The Board commended the paper's author on a really well presented paper.

8.3 Research Activity Update

This paper is an annual update to the Board on Te Pātaka Whaioranga - Pharmac's research commitment and activities.

The Board:

noted the update regarding research activities at Te Pātaka Whaioranga - Pharmac.

A **recommendation** was made to close the research fund and work with other agencies.

Diana Siew and Anthony Jordan

Carried

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8.4 International Travel Request – Oncology conference, Chicago, USA

This paper sought the Board's approval for two Therapeutic Group Managers (TGMs) to attend an international oncology conference in the USA.

The Board:

noted that this travel request was included in the 2023/24 International Travel Plan which was noted by the Board in February 2023, at an estimated budget of \$10,000 to \$15,000 for one Therapeutic Group Manager;

noted that if this proposal is approved, staff would provide a report to the Board on their learnings following the trip; and

resolved to approve international travel for up to two Therapeutic Group Managers to attend the American Society for Clinical Oncology Annual Meeting in Chicago, USA in May/June 2024, at an estimated cost of \$23,540 to \$24,460.

Action: The Board approved that all international travel to be signed off by the Chief Executive. International travel (excluding Australia) for Chief Executive is to be approved by the Board.

Anthony Jordan and Margaret Wilsher

Carried

9. Strategic Planning and Policy

9.1 Pharmac 2023/24 Quarter one performance report

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

The Board:

noted that following Board approval of the quarterly performance report, it is provided to the Minister of Health; and

discussed and **approved** the quarterly performance report.

Margaret Wilsher and Anthony Jordan

Carried

The Board commented that the new format is very comprehensive and helpful.

Organisational excellence – the Board would like to see more in this section to include capability, capacity, competence, values, etc.

Action: Set up next monitoring meeting with Manatu Hauora for Chair and Chief Executive.

9.2 Update on “Enhanced Assessment and Decision Making” strategic priority

At each Board meeting, we provide the opportunity for the Board to have a focussed discussion on key strategic themes. This paper provided an update on progress and next steps for the 'Enhanced Assessment and Decision Making' strategic priority.

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The Board:

noted that enhanced assessment and decision making is one of our strategic priorities in our new 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 more timely and 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; and

noted the actions for the year ahead.

Action: Provide the Board with a workplan on improving timeliness of decisions - March 2024 Board meeting.

9.3 Proposed next steps for the review of Rule 8.1b of the Pharmaceutical Schedule

This paper updated the Board on progress and next steps for the review of Rule 8.1b (The Rule) of the Pharmaceutical Schedule. The paper outlined the public consultation that was undertaken as part of the process and noted that the Summary of Submissions to the Review of Rule 8.1b of the Pharmaceutical Schedule (the Summary) is now complete.

The paper sought Board agreement to publicly release this document, subject to engagement with the Minister of Health's office and outlined an indicative timeline and next steps for the review of the Rule.

The Board:

noted that in 2021, Pharmac announced a review Rule 8.1b of the Pharmaceutical Schedule;

noted in November 2022, we released a discussion paper for public consultation;

noted the analysis of public submissions is now complete, following engagement with submitters and the Summary document is ready for publication;

noted that we will have a communications plan in place to support the public release of the Summary document;

noted the indicative timeline for next steps for the review of Rule 8.1b; and

agreed to publicly release the Summary document, the timing of which would be subject to engagement with the Minister of Health's office.

Anthony Jordan and Peter Bramley

Carried

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9.4 Update on Te Rautaki o Te Whaioranga renewal and SLT Te Tiriti o Waitangi accountabilities

This paper updated the Board on progress made towards Te Whaioranga Renewal, and adoption of SLT Accountabilities under *Te noho haepapa* – Accountability pillar of Te Whaioranga.

The Board:

noted a Principal Advisor Māori joined Te Pou Hauora Māori directorate in June 2023 to progress two significant Te Tiriti o Waitangi (Te Tiriti) work programmes:

- reviewing and renewing [Te Rautaki o Te Whaioranga](#), Te Pātaka Whaioranga Pharmac's Māori Responsiveness Strategy 2013 – 2023 (Te Whaioranga) which has now expired (Te Whaioranga Renewal)
- assigning Te Tiriti accountabilities to the Senior Leadership Team (SLT) as required under *Te noho haepapa* – Accountability pillar of Te Whaioranga (SLT Accountabilities);

noted SLT has recently endorsed an approach for Te Whaioranga Renewal (evaluation and creating a roadmap for 2024/2025) to align with timing for the planned refresh of [Pae Tū: Hauora Māori Strategy](#) (Pae Tū) in 2025;

noted SLT has endorsed an approach for SLT Accountabilities to be adopted (a sequenced adoption until all accountabilities are adopted) between now and the end of 2023;

noted SLT has adopted four collective Te Tiriti accountabilities so far and SLT members are making good progress towards finalising and adopting their individual accountabilities; and

noted implementation plans and personal capability plans are in development to support delivery of SLT Accountabilities.

9.5 Te Pātaka Whaioranga Racism and Anti-Racism Kaupapa Update

This paper provided an update of the refreshed anti-racism workstream. This picks up from work started in 2020 and reported regularly to the Board as part of the Te Whaioranga updates, most recently in March this year. The recent recruitment of the Senior Lead Māori role in June 2023 has provided capacity and capability to develop and lead Te Pātaka Whaioranga 'Building Capability and Removing Bias' work programme. This is a key priority of Te Rautaki o Te Whaioranga, Māori Responsiveness strategy and the Māori Directorate work plan which is currently in development.

The Board:

noted the update of the refreshed anti-racism workstream; and

agreed to continue to tautoko and support the anti-racism workstream that this aligns with Te Pātaka Whaioranga Moemoeā (vision) towards achieving Pae Ora.

Margaret Wilsher and Anthony Jordan

Carried

The Board commented that they would like to see us progressing to stage 3 and 4 more quickly. They invited staff to consider how we might get there sooner and provide feedback. They suggested splitting into two sections – report on research work and other section is reporting on 3 and 4. The Board also support progressing the work to adopt the Manatū Hauora positioning statement.

10. Schedule and Funding

10.1 Prioritisation Report

This report described prioritisation activity since the last report presented to the Board at its July 2023 meeting. It also updated 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 Board:

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

10.2 Pharmaceutical Budget Management Report

This paper updated the Board on the pharmaceutical budget, including the October 2023 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

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

[REDACTED]

[REDACTED]

[REDACTED]

noted that we are not recommending any changes to the expenditure target at this time. 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;

noted the portfolio of current and planned transactions underway in 2023/24;

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

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COVID-19 Vaccines

noted that funding for 2023/24 of \$81.2 million is included in the CPB for the purchase of COVID-19 vaccines. [REDACTED]

[REDACTED] and

COVID-19 Treatments

noted that the Government has approved funding of \$84 million for COVID-19 related treatments for 2023/24. This comprises \$83.6 million for the CPB and \$400,000 for Pharmac's operating budget to cover the distribution costs of those treatments in 2023/24. [REDACTED]

10.3 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), including 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 from Pharmac staff on current issues and the large and/or significant medicines transactions that are currently planned or in progress; and

resolved to delegate decision-making for a Named Patient Pharmaceutical Assessment (NPPA) application for burosumab [REDACTED]

[REDACTED] to the Chief Executive.

Anthony Jordan and Margaret Wilsher

Carried

10.4 Medical Devices Transaction and Investment Report

This paper provided the 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.

10.5 Summary of Decisions made under Delegated Authority – September 2023

This report contained a summary of all decisions made by Pharmac staff under delegated authority during September 2023.

The Board **noted** the summary of decisions made under Delegated Authority during September 2023 by the Chief Executive, Director, Pharmaceuticals, Acting Director, Pharmaceuticals, Director, Medical Devices, Manager, Pharmaceutical Funding, Senior Exceptions Advisor/Team Leader and Senior Therapeutic Group Manager/Team Leaders.

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11.0 Regular Reporting

11.1 Risk Exception Report

The full risk register and quarter one report were considered by the Audit and Risk Committee at the September meeting. 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 **noted** that this exception risk report summarised current and ongoing risks of relevance to the Board that have occurred since July – September 2023.

11.2 Communications, Implementation and Engagement Report

This paper summarised communications and engagement activity for September 2023 and the impact of our work.

The Board:

noted media sentiment decreased slightly this quarter

noted six proactive updates were shared in September; and

noted that we provided support for several key medicine supply issues to keep patients and the sector informed.

12. Interest Articles

There were no articles for review this month.

13. General Business

There was no general business raised.

The meeting closed at 2.35pm with a karakia.

Date of Next Meeting

The date for the next Board meeting is set for Friday 1 December 2023.

Approved and signed

1 December 2023

Peter Bramley, Interim Chair

Date