

Briefing

COVID-19 Vaccine Portfolio Update – Transfer and donation

Date due to MO: 12 August 2022 **Action required by:** 19 August 2022

Security level: Commercially Sensitive **Health Report number:** HR 20221239

To:

- Rt Hon Jacinda Ardern, Prime Minister
- Hon Grant Robertson, Minister of Finance
- Hon Andrew Little, Minister of Health
- Hon Nanaia Mahuta, Minister of Foreign Affairs
- Hon Peeni Henare, Associate Minister of Health
- Hon Dr Ayesha Verrall, Minister for COVID-19 Response
- Hon Aupito William Sio, Associate Minister of Health

Contact for telephone discussion

Name	Position	Telephone
Steve Waldegrave	Acting Deputy Director-General, Strategy, Policy and Legislation	s 9(2)(a)
Allison Bennett	Acting Group Manager, Health System Settings	s 9(2)(a)

Minister's office to complete:

- Approved
- Decline
- Noted
- Needs change
- Seen
- Overtaken by events
- See Minister's Notes
- Withdrawn

Comment:

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Purpose of report

1. This paper provides an update on the management and transfer of the COVID-19 vaccine advance purchasing agreements (APA) to Pharmac. This paper seeks your agreement to:
 - a. meet the additional costs associated with Janssen’s vaccine
 - b. transfer the responsibility and portfolio management of Novavax’s APA to Pharmac
 - c. allow the responsible party of the APA to manage the future donation of vaccines to Polynesia.

Summary

2. Following direction from Cabinet to transfer the COVID-19 vaccine purchasing and portfolio management to Pharmac from 1 July [CAB-22-MIN-0189 refers], officials and suppliers have commenced the handover process of the APAs to Pharmac.
3. Vaccine Ministers have agreed to the phasing out of the AstraZeneca and Janssen APAs from the current portfolio [HR20221014 and HR20221203 refers]. As directed, officials are:
 - a. progressing the signing of a novation deed to finalise the transfer of AstraZeneca’s APA to Pharmac and finalise remaining costs
 - b. managing the remaining doses of Janssen’s vaccine, additional costs and obligations without the need to transfer the APA to Pharmac.
4. Vaccine Ministers have agreed to refuse the remaining 501,600 doses under the Janssen APA [HR20221203 refers]. The additional costs estimated to be s 9(2)(b)(ii) [REDACTED] can be met through the existing s 9(2)(b)(ii) [REDACTED] drawn down to purchase the Janssen vaccine [MBIE-2021-1195 refers].
5. Officials are progressing the transfer of the remaining APAs to Pharmac. Novavax has submitted a novation deed to enable the handover of responsibility, while Pfizer is

continuing to draft a similar novation. Officials note that additional funding is required to support Pharmac, and advice on this will be provided to Ministers in future.

6. New Zealand has committed to continue to support Polynesian countries with their COVID-19 vaccine roll out for the remainder of 2022 s 9(2)(j) [REDACTED]
[REDACTED] This includes donating vaccines from our portfolio to support their vaccination efforts and providing rollout support through the Polynesian Health Corridors programme, as requested.

7. s 6(b)(i) [REDACTED]
[REDACTED]
[REDACTED] With the greater certainty of supply, officials are seeking to manage these future requests within the portfolio management of COVID-19 vaccines.

PROACTIVELY RELEASED

Recommendations

We recommend you:

- a) **Note** that Vaccine Ministers have previously agreed to transfer the AstraZeneca APA to Pharmac [HR20221014 refers] and for the Ministry to conclude the Janssen APA without a novation [HR20221203 refers]

Meeting additional costs for remaining doses of Janssen

- b) **Agree** that the additional costs (an estimated **s 9(2)(b)(ii)** are met through **Yes** / **No** the existing **s 9(2)(b)(ii)** drawn down to purchase the Janssen vaccine

Transferring the Novavax APA from the Ministry to Pharmac

- c) **Agree** that officials invite the Director-General of Health, the Minister of Finance, the Chief Executive of Pharmac and the Chair of Pharmac to execute the Novavax novation deed **Yes** / **No**
- d) **Note** that there is likely to be additional funding required to resource and support Pharmac and this will be considered by Ministers alongside any future purchasing needs

Supporting future donations to Polynesia

- e) **s 9(2)(b)(ii), s 9(2)(j)** **Yes** / **No**
- f) **Agree** that New Zealand continues to make our portfolio of COVID-19 vaccines available to the Cook Islands, Tokelau, Niue, Samoa, Tonga and Tuvalu in 2022 to support regional recovery **Yes** / **No**
- g) **s 6(a)** **Yes** / **No**
- h) **s 6(a)** **Yes** / **No** while work continues to confirm a more sustainable and effective regional or global mechanism for these countries
- i) **Agree** to grant the responsible owner of the APA the power to confirm any future donation decisions, including but not limited to additional doses for adult and paediatric primary courses, boosters, additional boosters, new cohorts such as infants, and paediatric and infant doses new variant-specific vaccines, without the need to seek Ministerial approval **Yes** / **No**
- j) **Note** that the donation of doses from our portfolio will be made in conjunction with an assessment of the stock and remain subject to the needs of our immunisation programme needs
- k) **Note** that donations to countries outside of Polynesia will continue to require approval from Vaccine Ministers

l) **Note** that officials will continue to work with our counterparts in the Polynesian region countries to support their COVID-19 vaccines programmes for the remainder of 2022 s 6(a)



Rt Hon Jacinda Ardern

Hon Grant Robertson

Prime Minister

Minister of Finance

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24.08.2022

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Hon Andrew Little

Hon Nanaia Mahuta

Minister of Health

Minister of Foreign Affairs

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...../...../.....

Hon Peeni Henare

Hon Dr Ayesha Verrall

Associate Minister of Health

Minister for COVID-19 Response

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Hon Aupito William Sio

Dr Diana Sarfati

Associate Minister of Health

Director-General of Health

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11.8.22

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COVID-19 Vaccine Portfolio Update –

Transfer and donation

Background

8. New Zealand has purchased its four COVID-19 vaccines (supplied by Janssen, AstraZeneca, Novavax and Pfizer) as part of a portfolio approach to provide access to a broader range of COVID-19 vaccines and support our pandemic response.
9. All four vaccines were developed and have been utilised in different ways to support our immunisation efforts.
10. Pfizer's vaccine has been the primary vaccine used in New Zealand's COVID-19 Immunisation Programme since the first delivery was received in February 2021.
11. Non-mRNA vaccines from AstraZeneca (from November 2021) and Novavax (from March 2022) were offered as alternatives to those hesitant or unable to receive Pfizer's mRNA vaccine. Janssen's vaccine was not made available in New Zealand and was instead offered to COVAX to support global vaccination efforts.
12. New Zealand has been a leader in the global COVID-19 response through contributions to the COVAX Facility of our AstraZeneca and Janssen vaccines and our support for vaccine access and delivery in the Pacific, especially Polynesia.

Transfer of Portfolio

13. Cabinet has directed officials to transfer the purchasing and management of COVID-19 vaccines to Pharmac [CAB-22-MIN-0189 refers]. Officials are progressing the handover of management of APAs and remaining doses to Pharmac. Where required, vaccine suppliers are preparing novation deed for the Ministry, Pharmac and Treasury to formalise the handover.

AstraZeneca and Janssen phasing out

14. Vaccine Ministers have agreed to phase out doses within our AstraZeneca and Janssen APAs which remain underutilised or have expired [HR20221014 and HR20221203 refer]. As directed, officials have been working with suppliers to manage and where necessary, transfer our remaining obligations under each APA.

Progress on concluding AstraZeneca's vaccine

15. Officials are managing the remaining AstraZeneca doses in New Zealand before they expire in early September. The programme is offering the public the opportunity to complete their immunisation on or before 4 September or invite them to receive Novavax's vaccine as an alternative.
16. AstraZeneca is finalising the costs related to other remaining doses which were committed or donated through COVAX. Once finalised and paid, New Zealand will have no further doses to be delivered and will end our agreement with AstraZeneca.
17. Certain obligations such as confidentiality will survive the APA ending. As agreed by Ministers these will be managed by Pharmac as part of their portfolio management of

COVID-19 vaccines [HR20221014 refers]. As directed, officials are progressing a deed of novation to formalise the transfer, which will be signed by the Ministry, Pharmac, Treasury and AstraZeneca.

AstraZeneca has recently revised donation volumes to COVAX

18. In preparation of the APA ending, AstraZeneca has recently confirmed the volume of doses committed or donated to COVAX. Due to the resulting yield size of each batch manufactured, a previously agreed donation of 5.8 million doses to COVAX [HR 20212485 refers] has been revised upwards to 6.026 million doses and a recently declined offer to COVAX has been revised down from 991,000 doses to 764,900 [HR20222060 refers].
19. Officials note these revised volumes have no material impact on additional costs but will alter the final volume of AstraZeneca doses donated to COVAX. Officials are amending our prepared communications on donation and wastage to reflect these updates.

Minor additional costs are required to phase out Janssen's vaccine.

20. In July 2022, Vaccine Ministers directed officials to manage the remaining doses of Janssen's vaccine either s 9(2)(b)(ii) or by refusing delivery of doses to New Zealand under our APA. s 9(2)(b)(ii)
21. Janssen were advised of our intention to refuse delivery of the remaining doses and have provided initial overview of the additional costs from this decision. Subject to further updates from Janssen (including possible additional taxes), the total additional costs are estimated at s 9(2)(b)(ii) which includes:
 - a. a maximum cost of storing doses of s 9(2)(b)(ii)
 - b. the cost of destruction of doses of s 9(2)(b)(ii)
22. Officials note these additional costs could be met within the original s 9(2)(b)(ii) of funding drawn down to purchase the Janssen vaccine [MBIE-2021-1195 refers]. This included an s 9(2)(b)(ii) margin to manage fluctuations within the foreign exchange rate in purchasing these doses.
23. As the remaining doses under the APA, payments for these doses would conclude without any doses being delivered to New Zealand. Vaccine Ministers agreed with advice that only minor obligations could be managed by the Ministry, and a novation deed was not required [HR20221203 refers].
24. **Officials seek your agreement to meet the additional costs associated with refusing delivery of remaining Janssen vaccine doses (estimated at s 9(2)(b)(ii) through the existing drawn down funding to purchase the Janssen vaccine.**

Pfizer and Novavax vaccines will remain in the Programme

25. New Zealand will continue to have access to COVID-19 vaccines through our current Novavax and Pfizer APAs and will continue to receive deliveries s 9(2)(b)(ii)
26. Officials are working with Novavax and Pfizer to draft the proposed deeds of novation to transfer the responsibility of the APA and the remaining doses from the Ministry to Pharmac.

27. Under each proposed novation deed from Novavax and Pfizer, the title of the APA and responsibility for vaccine doses will be transferred from the Ministry to Pharmac. This includes Pharmac assuming the related obligations and liabilities held by the Ministry.
28. We note, indemnities for doses will continue to be held by the Crown under the currently agreed arrangement.

Pfizer is continuing to draft a novation deed

29. Pfizer has advised an initial draft deed of novation to transfer the APA and supporting donation agreement for Pharmac is being progressed. Officials are working with Pfizer to ensure the donation pathway continues without disruption, s 9(2)(b)(ii)
30. Once drafted and reviewed, officials will provide you further advice on the proposed novation deed and seek your agreement to novate the agreement to Pharmac.

Novavax has prepared a novation deed for signing

31. Officials have received a proposed novation deed from Novavax to transfer the existing APA to Pharmac. Under this agreement, Pharmac will assume the responsibility and management of the Novavax APA and vaccine doses on the date of execution.
32. A review of the novation deed has been completed by Health Legal, Pharmac Legal and Bell Gully, with no major concerns raised with the proposed terms remaining similar.
33. Subject to your agreement, the Director-General of Health, the Minister of Finance and the Chief Executive and Chair of Pharmac will be invited to sign and finalise the novation deed.
34. **Officials seek your agreement to transfer the obligations for Novavax's APA to Pharmac through the proposed novation deeds.**

Pharmac operational funding

35. It is anticipated that Pharmac will require additional funding for operational resources to support the ongoing portfolio management and future purchasing of COVID-19 vaccines [SWC-22-MIN-0092 refers]. Officials will provide Vaccine Ministers further advice on the required funding alongside our advice on transferring the Pfizer APA to Pharmac.

Managing vaccine donations to Polynesia

36. New Zealand has been a leader in the global COVID-19 response through contributions to the COVAX Facility and our support for vaccine access and delivery in the Pacific, especially Polynesia. New Zealand has committed to provide ongoing support to Polynesian countries through both vaccine donation from our portfolio and rollout support through the Polynesian Health Corridors programme.
37. Cabinet has previously agreed to:
- support primary and booster programmes in the region through donation subject to domestic supply and regulatory approvals [CAB-21-MIN- 0475 refers].
 - donate up to 130,000 doses of Pfizer's paediatric product to Polynesia [CAB-21-MIN-0557 refers].
38. New Zealand has been the single source of COVID-19 vaccine supply to the Cook Islands, Niue and Tokelau. Other Pacific Island countries including Samoa, Tonga, Tuvalu

and Fiji, have accessed doses from multiple sources, including New Zealand. Other sources include other bilateral partners (Australia, Japan and the United States) as well as COVAX. New Zealand's support for vaccine access and rollout in the wider Pacific and globally has also utilised the third-party mechanisms available, namely COVAX and the Australia-UNICEF partnership.

39. s 6(b)(i)
40. It is recommended that we continue to make our portfolio of COVID-19 vaccines available to all six Polynesian countries in 2022, s 6(b)(i)
41. It is also recommended that, in the countries with which we have specific constitutional obligations - the Cook Islands, Niue, and Tokelau - we continue to make our portfolio of COVID-19 vaccines available in 2023.
42. s 6(a)
43. While there is broad agreement to support Polynesia with their ongoing immunisation needs, officials note Vaccine Ministers agreement is required before a new cohort or programme can be supported by donation.
44. Given we are no longer in an environment of constrained supply, it is recommended that future donation decisions are confirmed as part of the contract and portfolio management, in place of seeking Vaccine Minister agreement. This will enable the Programme to respond to short notice requests for donation and changes in the region's immunisation programmes.
45. The Ministry who currently is responsible for the APAs will be delegated the donation responsibility from Vaccine Ministers. This delegated responsibility will be transferred to Pharmac as each supplier's APA and donation agreements is novated from the Ministry.
46. New Zealand has purchased sufficient volumes of Pfizer's and Novavax's COVID-19 vaccine to support ongoing donations to Polynesia. However, decision making will continue to be subject to the immunisation needs of the national programme and with the guidance of the proposed immunisation governance arrangement.
47. Officials note that any indemnities from the Crown relating to donations will continue to be subject to the approval of the Minister of Finance under s65ZD of the Public Finance Act 1989.
48. Donations to countries outside of Polynesia will remain subject to Vaccine Ministers approval. Officials will continue to inform Vaccine Ministers of planned donations and provide advice if requested.

49. **Officials seek your agreement to:**

- a. continue to make our portfolio of COVID-19 vaccines available to the Cook Islands, Tokelau, Niue, Samoa, Tonga and Tuvalu in 2022 to support regional recovery
- b. s 6(a) [REDACTED]
- c. s 9(2)(ba)(i) [REDACTED]
- d. grant the responsible holders of the APA the power to confirm any future donation decisions, including but not limited to additional doses for primary adult and paediatric courses, boosters, additional boosters, new cohorts such as infants, and variant-specific vaccines, based on individual country need.

50. Subject to your agreement, officials will progress planning of future COVID-19 vaccine needs and donations to Polynesian countries for the remainder of 2022 s 9(2)(ba)(i) [REDACTED]

Next steps

- 51. Officials will progress the final costs and payments under our APAs for Janssen' and AstraZeneca's vaccines.
- 52. Subject to agreement, officials will inform Novavax of your decision and seek to finalise the deed of novation for execution. Officials will invite the Director-General of Health, the Minister of Finance, the Chief Executive of Pharmac and the Chair of Pharmac to execute the deed once its finalised.
- 53. Subject to your agreement, officials will progress planning of future COVID-19 vaccine needs and donations to Polynesian countries for the remainder of 2022 s 9(2)(ba)(i) [REDACTED]
- 54. Officials will provide further advice on the transfer of the Pfizer APA to Pharmac, and the additional funding Pharmac requires to operationalise the ongoing purchasing and portfolio management of COVID-19 vaccines.

ENDS.