

Memorandum

PPE Update

Date due to MO: 12 May 2020	Action required by: N/A
Security level: IN CONFIDENCE	Health Report number: HR20200735
To: Hon Dr David Clark, Minister of Health.	

Contact for telephone discussion

Name	Position	Telephone
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Action for Private Secretaries

N/A

Date dispatched to MO:

Released under the Official Information Act

PPE UPDATE

Purpose of report

1. This report responds to your request for further information on the Ministry of Health/ Governments role supporting non-health and disability providers with Personal Protective Equipment (PPE).

Background

2. Your office requested information on:
 - a. entities/sectors the Government has been importing/procuring PPE for, outside public health and disability providers;
 - b. the terms and arrangements the Government has been doing this under;
 - c. the extent to which non-government entities/sectors can import/procure their own PPE – and whether this is likely to change over the coming weeks and months;
 - d. the role the Government has in importing/procuring PPE on behalf of entities/sectors outside public health and disability providers; and
 - e. if the Ministry intends to proceed with cost recovery in relation to PPE, then how will this decision be communicated.
3. The Ministry of Health (MoH) manages the national health expenditure on PPE, with expenditure split across three streams:
 - National Pandemic Reserve;
 - Health sector;
 - Non-Health sectors.
4. The National Pandemic Reserve is maintained at a level that provides three months' supply of stock - enough coverage to support emergency critical health needs in extraordinary circumstances.
5. To eliminate procurement competition for PPE between DHBs and shared service agencies throughout Alert Level 4 and Alert Level 3 (AL4 and AL3), the MoH established a group to oversee procurement of major PPE. The group includes regional procurement leads from individual DHBs, Health Partnerships and PHARMAC (national) and HealthSource (Northern Region).
6. The group allows for national and centralised coordination and distributed workload for sourcing and procuring significantly higher volumes of PPE than previous arrangements. Establishing this group builds trust and ensures transparency within the sourcing and supply requirements of PPE. If demand for PPE drops and stabilises, we mutually agree to use existing forward orders of PPE to replenish the national pandemic reserve.
7. Provision of PPE to the health sector is currently managed at the front-end by the MoH, via an online ordering system, OneLink. DHBs assess their needs and load their orders, and orders for their publicly funded regional healthcare providers, into OneLink. The MoH reviews all orders to build a comprehensive view of national demand, urgency

and stock-on-hand. Once approved and distributed to DHBs, DHBs then distribute the PPE to their regional healthcare providers.

8. Provision of PPE to the non-health sectors is done via the NXP procurement online ordering channel.
9. Under AL3 and AL4, management controls for priority distribution of PPE include the following decision-making criteria:
 - type of service that requires the PPE (criticality of the service)
 - level of inventory: stock on hand, on order, and consumption rates (risk early identification of supply shortage)
 - urgency of need across the country (balancing competing demand);
10. Opportunities exist to reduce costs and increase security of PPE supply including, but not limited, to the exploration of domestic production opportunities and public/health workforce education campaigns designed to temper/control demand and cost.

PPE Procurement and Distribution outside of Public Health and Disability Providers

11. The MoH has not imported or procured any PPE specifically for entities or sectors outside of public health and disability providers.
12. Limited supply of PPE has been provided to areas outside of Public Health and disability providers, where a level of contact/exposure to COVID-19 has been anticipated in the course of services provided e.g Ministry of Social Development and Fire and Emergency New Zealand. Financial ability to recover costs over time has not been a factor in the decision making of PPE supply under AL4 or AL3.
13. MoH has also provided PPE to a limited number of private businesses, through the non-health distribution channel, which are considered essential services providing emergency work under AL4 and 3, for example plumbers. There is no cost recovery for PPE distributed through this channel, however, the organisations that request PPE agree that these costs may be recovered by the MoH in future. Non-government entities/sectors can import/procure their own PPE; however, they do require advice and guidance on use, which is made available via the MoH communication channels.
14. Commercial organisations such as NXP hold a range of PPE stock that they will make available to the market for purchase under Alert Level 2 (AL2). This will not require any involvement from the Ministry of Health.
15. Information about where to source PPE will be made available on the MoH and COVID-19 website as part of the update of moving to AL2.
16. Under AL2 the MoH will work with the Ministries of Social Development, Foreign Affairs and Trade, and Business Innovation and Employment to support private business PPE needs through advice and guidance.

Domestic Production Opportunities

17. Concerns around constraints in the international supply market remain. These concerns include, but are not limited to, the quality of raw materials and finished products, the reliability of the international supply chain and inflation in cost of internationally sourced masks. This presents an opportunity for a New Zealand-based manufacturer (or manufacturers) that can:
- ideally source all raw materials from within New Zealand;
 - produce P2/N95 masks, made to AS/NZS1716 grade standards, and other PPE products; and
 - have all products fully certified, if required, by the relevant authorities as determined by the Ministry of Health.
18. This will:
- reduce our reliance on the international supply chain allowing a seamless ramp up in production, as required;
 - begin immediate production, with the ability to scale up to produce significant volumes of P2/N95 protective masks and other products;
 - secure a competitive price in the current market;
 - contribute to restoring New Zealand PPE reserves;
 - create increased employment opportunities, and;
 - build manufacturing capability within New Zealand.
19. Health officials are in discussions with the Ministry of Business Innovation and Employment (MBIE) to boost the New Zealand production capacity, including the use of locally sourced materials to mitigate one of the current capacity constraints.

Dr Ashley Bloomfield

Director-General of Health