

## Aide-Mémoire Disposal of Expired COVID-19 Supplies

<b>Due to MO:</b>	26 June 2024	<b>Reference</b>	HNZ00054065
<b>To:</b>	Hon Dr Shane Reti, Minister of Health		
<b>From:</b>	Matt Hannant, Deputy National Director, National Public Health Service, Health New Zealand		
<b>Copy to:</b>	N/A		
<b>Security level:</b>	In Confidence	<b>Priority</b>	Urgent
<b>Consulted</b>	N/A		

### Contact for further discussion (if required)

Name	Position	Phone	1st contact
Matt Hannant	Deputy National Director, National Public Health Service	S9(2)(a)	x
Adeline Cummings	Head of Business Support Services, National Public Health Services	S9(2)(a)	

## Purpose

1. The purpose of this Aide Memoire is to provide you with an update on the procurement of services to dispose of expired COVID-19 Rapid Antigen Tests (RATs) and Personal Protective Equipment (PPE).

## Background

2. Health NZ has made significant efforts to minimise product waste throughout the duration of New Zealand's public health response to COVID-19.
3. Despite best efforts to minimise cost and waste, Health NZ has been left with excess RAT and PPE stock that requires disposal. The surplus has been retained in contracted third-party warehousing facilities.
4. The total volume and value of surplus and expired supply of PPE and RATs secured in early 2020 and 2022 to support the response to the COVID-19 pandemic is outlined in Table 1 below. These items require safe disposal

Product	Quantity in eaches (m)	Quantity of pallets	Approx purchase price (\$m)
Hand sanitiser	0.028	39	0.872
Isolation gowns	0.920	600	1.672
N95/KN95	11.314	1,347	22.190
RATs	38.101	5,835	251.473
Medical masks	3.888	157	1.102
<b>TOTAL</b>	<b>54.251</b>	<b>7,978</b>	<b>\$277.309</b>

Table 1 Expired or Surplus COVID-19 PPE and RATs quantities and cost

5. There continues to be high interest in the surplus stock and how its disposal will be managed from a cost and an environmental perspective. A situation of surplus supply is an inevitable outcome of preparing New Zealand well for the unpredictability of the pandemic and for a response programme at scale. Other jurisdictions have found themselves in the same position and like New Zealand, have had to manage and find suitable disposal solutions for their excess stock.
6. In August 2023, Health NZ began engaging with the market to explore possible solutions and associated costs for the environmentally safe disposal of RATs and PPE. This included running a request for proposal (RFP) process that was open to receiving submissions on all methods of domestic and international disposal, including more innovative and sustainable approaches, and engaging multiple suppliers to cover all the stock.
7. In February you were provided with an update through our Weekly Report on the procurement process to seek options for the environmentally safe disposal of expired COVID-19 RATs and PPE.
8. A total of seven suppliers responded, with 16 alternate proposals.

## Update on securing a supplier for obsolescence management of COVID-19 stock

9. Following a thorough assessment of all submissions and consultation with other agency partners, New Zealand-based waste management business, Enviro NZ, has been selected to manage the disposal of the following surplus COVID-19 products:
10. Enviro NZ's disposal solution uses a combination of three disposal methods to achieve the most sustainable outcome.
11. Of the 9400 pallets of stock requiring disposal, approximately 56% (5220 pallets) will be processed into alternative fuels, with the remaining 44% (4180 pallets) to be disposed of via a method of part recycling, part landfill. In total, an estimated 65% of the waste will be diverted from landfill.
12. A further explanation of this three-fold approach is explained below:
  - i. **Co-processing into alternative fuels** – once fully operational, 90 pallets per day will be handled via this method which will see all stock materials disposed of through the cement manufacturing process. Waste will be co-processed alongside wood waste and tyre derived fuel to produce thermal energy as a substitute for coal to make cement clinker.
  - ii. **Recycling** – once fully operational, 72 pallets per day will be handled via a dual method of part recycling / part landfill, starting with recycling the tertiary packaging from RATs and PPE stocks. This approach will see storage pallets re-used, shredded into coloured garden/playground decorative for safety purposes, or shredded and used as a biofuel; and plastic materials sold for further processing into slip sheets, plastic decking or similar.
  - iii. **Landfill** – In our commitment to disposing of leftover product materials responsibly to reduce our environmental impact as much as possible, a New Zealand based landfill provider with a good track record in sustainable landfill management has been selected to take remaining waste for disposal. The local facility is operated safely and sustainably to ensure the surrounding land, air and water is protected.
13. These disposal methods will be run in parallel to ensure efficiencies and completion within an expected four-month period. Enviro NZ will commence from the middle of July 2024.
14. The total costs for disposal will utilise allocated funds for obsolescence management from the COVID-19 response budget and are expected to total approximately S9(2) [REDACTED], with an additional cost of S9(2)(b)(iii) [REDACTED] for continued warehousing while the S9(2)(b)(ii) [REDACTED] solution is implemented. Notably this is commercially sensitive information.
15. The disposal of expired and surplus supplies as a result of COVID-19 will be completed by end of November 2024. Beyond this date, we do not anticipate any further requirement for disposal of supplies specific to COVID-19. This is reflected in our scaled down management of supply since 01 July 2023 to include rotational stock through hospital services of the 12-week medium pandemic reserve holdings in the event of a future health emergency or pandemic response. We intend to exhaust the recently purchased supply of RATs over the winter and early spring period reflecting these are high usage months, particularly with the prevalence of higher levels of undifferentiated respiratory illness.

## Next steps

16. We will continue to monitor the progress of obsolescence management project specific to COVID-19 supply. PPE and other medical devices used in standard infection protection and control processes will be managed through normal demand and supply management processes as part of our quality management of medical devices and supplies for use in health emergencies.

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# Aide-Mémoire

## COVID-19 Options for Testing with Rapid Antigen Tests from 01 March to 30 June 2024

<b>To:</b>	Hon Dr Shane Reti, Minister of Health	<b>Reference:</b>	HNZ00035731
<b>From:</b>	Dr Nick Chamberlain, National Director, National Public Health Service	<b>Due Date:</b>	18 January 2023
<b>Copy to:</b>		<b>Security level:</b>	Sensitive

Contact for telephone discussion (if required)			
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Matt Hannant	Deputy National Director and Director Planning, Purchasing and Performance, National Public Health Service	s 9(2)(a)	

The following departments/agencies have been consulted
Manatū Hauora – Public Health Agency

## COVID-19 Options for Testing with Rapid Antigen Tests from 01 March to 30 June 2024

### Purpose

1. This Aide-Mémoire responds to your 8 January 2024 request for the options we considered for continued community testing using COVID-19 Rapid Antigen Testing (RATs) for the period of 01 March to 30 June 2024.
2. We are proceeding to procure a small supply of five million RATs within existing appropriations to continue distribution during March – June 2024 in line with the current access criteria.

### Background/context

3. A number of public health non-mandatory measures for COVID-19, such as testing, remain in place and continue to provide an effective approach to managing COVID-19, including reducing its impact on hospital admission rates.
4. RATs have been publicly-funded as part of the COVID-19 Public Health Response since February 2022 to support COVID-19 testing in community settings. No further RATs were secured in the 2022/23 financial year. This was due to high stock levels held within a centralised supply construct and reduced COVID-19 funding.
5. Our remaining COVID-19 RATs stock has a March 2024 expiry date (between mid and the end March). To ensure sufficient time for use, RATs are distributed from our warehouses with a minimum remaining shelf life of three to four weeks. In line with this practice, we are therefore unable to distribute any currently-held RATs beyond the end of February 2024.
6. Clinical and public health advice supports continued testing for COVID-19 to enable access to antiviral therapies (AVTs) and access to RATs for the public and healthcare sector to ensure the ongoing public health management of COVID-19 outbreaks.
7. In Australia, while approaches differ by state and territory, the Government has committed to investing an additional \$517 million to ensure continued supply of RATs to priority groups and clinical settings.
8. Information was provided to you on 19 December 2023 (HNZ 00034528 refers) on COVID-19 Personal Protective Equipment (PPE), vaccine, and diagnostic testing supplies, alongside forecast requirements over the coming three years. That advice noted that a small volume of publicly funded RATs will be secured to cover the period 01 March to 30 June 2024.
9. s 9(2)(b)(ii)  
[Redacted]  
[Redacted]  
[Redacted]
10. The number of five million RATs has been derived based on May to October 2023 distribution levels, taking into account a peak demand for winter and the phasing out of that peak. This stock would continue to be distributed to Primary Care, public hospitals, pharmacies (for public distribution), Aged Residential Care, home care, first responders, the Māori and Pacific distribution network, and others such as family planning.
11. The volumes of RATs distributed to date is higher than what we expect to distribute over

the March – June 2024 period. This is due to the removal of remaining COVID-19 initiatives such as supplying RATs to travellers arriving at New Zealand borders, ceasing supply to other government agencies (such as Corrections and Education), and no-longer offering RATs to non-healthcare providers.

## Clinical and Public Health risks if RATs are no longer available through the Public Health Response

12. We considered clinical and public health risks if free RATs are no longer available.
13. RATs are used for our most clinically vulnerable population groups to meet the Pharmac eligibility criteria for AVTs. If RATs were unavailable for this group, it would likely create a barrier to AVTs access, resulting in treatment not being sought (due to not being able to test) and increased emergency department presentations and hospitalisation of cases.
14. Community and Primary Care providers may revert to Polymerase Chain Reaction (PCR) testing, leading to an increase in COVID-19 PCR testing numbers. This would result in a delay in commencing treatment while awaiting test results and an increase in costs due to a higher number of PCR samples being processed.
15. A delay in supporting the management of healthcare workers with respiratory COVID-19 symptoms could result in increased staff absenteeism or delays in return to work as they await PCR results, and could lead to a significant increase in PCR testing.
16. It would not then be possible to manage cases and outbreaks in high-risk settings such as hospitals and Aged Residential Care in a timely and effective manner. This could have a significant impact in leading to more widespread outbreaks due to the delay in diagnosis and isolation of cases with an impact on patient flow.
17. It could lead to an increase in the hospitalisation of cases (since people would be unable to test themselves at home and self-manage) and a possible increase in death rates due to delayed diagnosis, treatment and management.

## Discussion

### Options we considered for RATs and Community Testing

18. Alongside the Public Health Agency, we considered three options. It was determined that **Option 1** would best manage the public health risk that the JN.1 variant and the wider COVID-19 continue to pose for those who are clinically vulnerable within community settings. This option provides an assurance that the risks identified in paragraphs 12 - 17 would be addressed.
19. **Option 1 (proposed)** - Purchase a limited number of RATs to enable continued access for the period 01 March to 30 June 2024. Populations or settings for which this would enable continued access to free RATs include:
  - The public, including those eligible for AVTs.
  - Primary and Urgent Care, along with community pharmacies.
  - High-risk settings such as public hospitals and Aged Residential Care
  - Māori and Pacific distribution channels.
20. **Option 2** – A smaller number of RATs are purchased and eligibility for free RATs is limited to those eligible for AVTs. This option would reduce access to healthcare providers to support cheaper diagnostic testing (e.g. RAT vs PCR), healthcare worker

testing and testing for outbreaks. This would therefore reduce the ability to manage onward transmission and outbreaks.

21. **Option 3** – RATs are not publicly-funded or freely available beyond 29 February 2024. The risks associated with this includes barriers to access AVTs for the most clinically vulnerable population group in a timely manner, leading to an increased risk of hospitalisation. It would also increase the volume of PCR testing and therefore increase laboratory processing costs and turnaround times for COVID-19 results, further delaying access to AVTs. Healthcare providers would need to purchase their own RATs. Primary Care, pharmacies and Emergency Departments would become overburdened with testing and care for undifferentiated respiratory illness. This does not align with clinical and public health testing advice.

### Next steps

22. We intend to proceed with **Option 1**, with the first batch of RATs purchased by Friday 26 January 2024 to enable continuity of supply.
23. These purchases of RATs will be phased to manage obsolescence risk. The expiry date of this stock will be at least 12 months (possibly longer). If the demand is lower than expected over the period March - June 2024, we will be able to repurpose the stock across the health system.
24. We are developing a communications plan regarding continued access to RATs through to June 2024. This will be shared with your office.
25. RATs that are unable to be distributed before they expire will be disposed of. There is a procurement process underway exploring options for the disposal of expired and surplus COVID-19 stock. We will be in a position to update you once this process is completed.
26. Provision of RATs beyond 30 June 2024 will be subject to demand levels during March-June, and future budget availability. At this time, we have not made any commitment to purchase further RATs beyond the end of this financial year. We are working closely with the Ministry on future options and risks.