

# Memorandum

## Response to Personal Protective Equipment (PPE) Domestic Supply Query and Forward Actions and Activities

<b>Date due to MO:</b>	18 June 2020	<b>Action required by:</b>	N/A
<b>Security level:</b>	Medium	<b>Health Report number:</b>	HR20200885
<b>To:</b>	Hon. David Clark, Minister of Health		

### Contact for telephone discussion

Name	Position	Telephone
<b>Keriana Brooking</b>	Deputy Chief Executive; COVID-19 Hub	section 9(2)(a)
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### Action for Private Secretaries

N/A

Date dispatched to MO:

Released under the Official Information Act

## Response to Personal Protective Equipment (PPE) Domestic Supply Query and Forward Actions and Activities

### Purpose of report

1. The purpose of this report is to respond to your query regarding procurement strategies for the domestic supply of personal protective equipment (PPE) (Refer: HR20200817).
2. Further information related to addressing critical supply and ongoing maintenance of PPE is provided for your reference.

### Context

3. In response to the information provided in HR20200817, you sought further information on a timeframe for a national PPE procurement plan.
4. The Ministry of Health (Ministry) is currently working through a current and future state procurement strategy and plan for the active and reactive management of critical medical supplies (including PPE). The Ministry anticipates this will be completed by 31 July 2020.
5. The Ministry has been working with chief financial officers from the DHBs, NZ Health Partnerships Ltd and regional procurement leaders to strengthen the short, medium and long term procurement plan and strategy for PPE.
6. The Ministry has established a governance framework with clear roles and responsibilities to determine and agree on the criteria for the management and purchasing of critical medical supplies. The roles and responsibilities will include a national coordination function performed by NZ Health Partnerships, with responsibility for national PPE procurement coordination, with oversight, strategic direction, monitoring and funding being provided from the Ministry. The Ministry is strengthening category leadership and management of critical supplies utilising the regional procurement leads and NZ Health Partnerships.
7. In HR20200932, the Ministry provided you with information on work underway to review the quality of all PPE sourced since 1 January funded by Ministry from non-regular New Zealand health system suppliers. This enabled the Ministry to determine the quantity of stock on hand that satisfies quality requirements to continue to support access to quality PPE in the short term.
8. The review of the quality of all Ministry-funded PPE has highlighted a need for tighter procurement controls, quality control and due diligence processes, robust contracts and capable sourcing partners.
9. In parallel, the Ministry is reviewing all planned shipments of PPE and undertaking an assessment of their continued need. This will allow for a targeted purchasing strategy to ensure the Ministry has a right sized PPE supply with sufficient sizes and types that can be accessed quickly should a second wave of COVID-19 occur.
10. The medium to long term procurement strategy will focus on the reimagining of the National Reserve Stock model to produce an iterative stock rotation supply model that ensures focussed inventory management at a local, regional and national level, that has

integrated stock rotation and obsolescence management, alongside a greater volume of PPE held in reserve. This will allow for strategically managed sourcing of critical medical supplies in a crisis.

11. The Ministry is working with DHBs and procurement category leads to implement a reporting structure that will provide clarity on inventory forecasting and support better quality sourcing. We will also review processes for sourcing and define acceptance criteria of products and develop a recall/return function for products that do not meet these criteria.
12. The Ministry continues to monitor the global supply chain and has begun discussions with its partners in similar jurisdictions to understand alternate national and international sourcing opportunities and constraints.
13. The actions outlined in this report will address some of the recommendations raised in the Office of the Auditor General's report on PPE dated 15 June 2020. This includes but is not limited to the consideration of clarity in roles, responsibilities, coverage, requirements, and planning assumptions for maintaining the national reserve of PPE and the implementation of a centralised system for regular reporting inventory and stock obsolescence management of PPE (recommendations 4, 6 and 7). Further, this report and our intent to work alongside the DHBs and procurement leads addresses in part recommendations 8 and 10.

### Next steps

14. The Ministry will report back to you with the finalised national procurement strategy and plan for critical medical supplies by 31 July 2020. Officials can provide further information about this topic at your request.

#### **Keriana Brooking**

Deputy Chief Executive

#### **COVID-19 Health System Response**