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Office of the Minister of Foreign Affairs

Office of the Minister of Research, Science and Innovation

Office of the Minister of Health

Chair, Cabinet Social Wellbeing Committee

COVID-19 Vaccine Strategy - purchasing strategy and funding envelope

Proposal

1. We seek Cabinet agreement to establish a tagged contingency fund of ⁹⁽²⁾⁽ⁱ⁾ million as a call against the COVID-19 Response and Recovery Fund (CRRF) to support the implementation of the agreed COVID-19 Vaccine Strategy. It is proposed that decisions on use of the fund be delegated jointly to the Ministers of Finance, Research, Science and Innovation, and Health.

Executive Summary

2. Many advanced economies are rapidly taking action to secure access to vaccines by committing to a series of advance purchase agreements. These usually provide a right to buy. Reports from conversations with other governments and international media indicate that a number of pre-purchase agreements have already been reached to secure access to the leading vaccine candidates. Many more agreements are under negotiation.
3. There will be unprecedented global pressures on demand, and supply will initially be highly constrained. If global prioritisation and allocation is left to an assessment of need, New Zealand will not be a high priority given our almost unique COVID-free status and good health care system.
4. A multilateral approach (COVAX), supported by GAVI, currently offers the broadest approach to access a range of the leading vaccine candidates with a relatively modest outlay. It will also only go some way to provide for our needs. The COVAX Facility has received 77 expressions of interest from countries but there remain uncertainties about the arrangements and whether the Facility will be able to deliver as hoped. Participation by New Zealand would allow us to access enough vaccine to immunise 20% of our population. We need to make a formal commitment to participate before the end of August and then make a pre-payment of up to ⁹⁽²⁾⁽ⁱ⁾ million during September, with the expectation to pay the remainder of ⁹⁽²⁾⁽ⁱ⁾ million once vaccines are delivered. It is therefore prudent to engage with COVAX as a foundation for our vaccine acquisition strategy.
5. We urgently need to take action to secure a wider set of advance purchase arrangements. Maintaining our COVID-19 elimination strategy relies on maintaining tight border controls and carries significant ongoing risks and costs. While managed isolation and quarantine is proving effective for now, the risk of

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an outbreak remains, and new overseas outbreaks are proving difficult to control. The COVID-19 pandemic is also costing around \$360 million per year in terms of lost exports to overseas markets. Economic activity is currently 7.5% lower than normal. While not all of this is a direct consequence of border closures, this equates to a cost of \$1.9 billion a month.

6. We will need to commit significant resource early on to help secure access to a vaccine when available. Determining the likely costs of advance purchase agreements is difficult but we need to allocate money in order to start negotiations to supply our needs. We therefore request a contingency of ⁹⁽²⁾⁽ⁱ⁾ million. Because of the uncertainty we propose setting up a tagged contingency rather than appropriating the money outright now. The advance purchasing investments are just the initial cost, which potentially buys the opportunity to access a successful candidate earlier than otherwise. There will be significant additional cost to procure vaccine doses once developed.
7. We propose establishing a committed and experienced negotiating team to conduct conversations with vaccine developers. One model successfully used overseas is to build a team around a highly skilled chief negotiator. This team will be domiciled in MBIE and draw in senior commercial and legal negotiators alongside staff from MBIE, MFAT and Ministry of Health. It will be supported by science and manufacturing expertise. This is an approach being taken by like-minded countries such as Australia, the UK, and Singapore. A one-off additional resource of \$500,000 is needed to cover the cost of bringing in the necessary expertise.
8. We will put in place a decision making framework to guide negotiations, and structured to help weigh trade-offs across a balanced portfolio. We propose that the Ministers of Finance, Research, Science and Innovation, and Health approve all individual purchase agreements on the recommendation of the Director General of Health and the Chief Executive of the Ministry of Business, Innovation and Employment, and informed by advice from the Vaccine Strategy Task Force.
9. We will return to Cabinet by November 2020 to report on progress in:
 - a. expenditure and commitments against the tagged contingency, and any new relevant information about likely future investments;
 - b. progress in developing the Immunisation Strategy, including a “prioritisation framework”;
 - c. development of estimates of the costs, benefits and risks of investment in potential vaccines under different scenarios, in terms of economic activity as well as health and wellbeing;
 - d. consideration of access for Pacific countries; and
 - e. further development of a communications strategy.

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Background

10. In June 2020 the Government agreed a COVID-19 Vaccine Strategy [CAB-20-MIN-0229.01]. The objective remains to secure supply of a safe and effective vaccine against COVID-19 which will allow New Zealand to consider relaxing border settings, thereby contributing to economic and social recovery while ensuring the health and safety of New Zealanders. It was also agreed that Cabinet be provided with a further report setting out options around co-investment and advance purchase arrangements; and that this approach is likely to require significant financial commitment upfront, well in advance of any actual acquisition of a vaccine.

Many advanced economies are rapidly taking action to agree deals with vaccine developers to secure future access to doses

11. We have seen that a number of advanced economies are taking urgent action to secure access to vaccines through agreement of advance purchase arrangements with developers.¹ Reports from international media and conversations with other governments reveal that the US has secured eight deals with developers including Pfizer, Johnson & Johnson, Moderna and AstraZeneca to buy at least 500 million advance doses at a cost of US\$8.3 billion. The UK has likewise developed a portfolio approach which aims to establish up to 12 advance purchase agreements and has so far secured deals with AstraZeneca, BioNTech, Valneva and Sanofi to buy at least 200 million doses – 30 million of which may be delivered as soon as September 2020. The European Union is taking similar steps. There will be other agreed deals that we do not yet know about. However it is important to note that none of these vaccine candidates have yet completed phase III clinical trials, and some may not reach the production stage.

New Zealand is unlikely to sit high in the merit order to acquire vaccines

12. As and when vaccines are developed there will be unprecedented global pressures on demand, and supply will initially be highly constrained. If global prioritisation and allocation is simply left to assessment of need then New Zealand may not be a high priority given our COVID-free status and good health care system.

13. Similarly the traditional pharmaceutical purchasing process whereby we wait for a proven safe and effective vaccine to come to market before negotiating for sufficient doses is unlikely to work in the current context where there is significant uncertainty about which candidates will emerge as viable products, and intense competition between countries to secure access. It will be some time before the market for COVID-19 vaccines looks like a “normal” pharmaceutical market, and in that scenario New Zealand is likely to have a long potential wait, with the associated costs to the economy and to health and wellbeing.

¹ Financial Times, “Coronavirus vaccine deals expose lack of global co-ordination”, 23 July 2020

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A multilateral approach offers the opportunity to access a range of the leading vaccine candidates with a relatively modest outlay. But there is inherent risk as to whether this will move ahead and it will only provide a partial solution

14. At the international level, New Zealand and 76 other high or upper middle income countries have been engaged in consultations to develop the COVID-19 Vaccine Access Facility (COVAX) led by GAVI, the Vaccine Alliance, and CEPI (Coalition for Epidemic Preparedness Initiatives) and supported by the World Health Organisation. This currently offers the best mechanism for equitable distribution of vaccines at a global scale and allows countries to invest in a competitively priced and diversified portfolio that includes most of the leading vaccine candidates.
15. The Facility proposes to meet at least 20% of each participating country's vaccine need. COVAX anticipate that 2 billion doses will be delivered to participants by the end of 2021. However, the Facility requires a critical mass of countries to formally commit and whether this will be achieved will depend on the terms of agreement as they are finalised over the coming weeks. The likely capability of COVAX will not be clear until after negotiations have concluded and countries have committed. It's already clear that three big players will not take part. European Union regulations prevent it from participating directly, while China and the US have not expressed an interest. New Zealand could consider joining with other likeminded countries such as Australia, the UK and Singapore to lobby others to commit to the Facility if that improves its chance of success.
16. Precise information on pricing remains to be determined as negotiations with vaccine developers continue. For New Zealand to participate it will require us to make a formal commitment to join before the end of August, and then make a non-recoverable pre-payment of around 9(2)(i) million during September 2020. Entering into the agreement will likely entail a binding commitment to buy vaccines once they are delivered at additional cost of approximately 9(2)(i) million.
17. We recommend that Cabinet agree that officials be given a mandate to negotiate terms and conditions for New Zealand's participation in COVAX. We expect draft terms to be received in the week of 3 August for discussion. A proposed contract would then be taken jointly to the Minister of Finance, Minister of Research, Science and Innovation, and Minister of Health for agreement by 31 August.

Our current situation is costly and unsustainable, and there is a risk of quarantine being compromised which would lead to a raising of alert levels

18. Maintaining our elimination strategy relies on the maintenance of tight border controls. Our current expectation is that quarantine-free travel for the near future is unlikely to extend beyond Australia and the Pacific, and given the current outbreak in Victoria, even that appears somewhat off. Unless the virus mutates to become less virulent or effective therapeutics are developed, the pandemic will only come to an end when a safe and effective vaccine is deployed.

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19. At alert level 1 Treasury estimates that economic activity is 7.5% lower than normal. This equates to lost economic activity of at least \$23 billion a year or \$1.9 billion every month that we stay at level 1. There is also a fiscal cost in terms of reduced tax receipts, and public spending commitments associated with mitigating the economic downturn in areas such as employment and business support. This is a result of the fall in international tourism and the knock-on effects to other sectors which has resulted from a drop in aggregate demand. There are also ongoing impacts from alert levels 2 to 4 on consumer confidence. Should border restrictions be removed we would not expect immediate recovery in international travel to pre-COVID levels. This reflects a reduction in global household incomes and potential change in traveller behaviours. Although this will depend on global deployment of a vaccine and the confidence that brings.
20. Over a longer period of time it is possible that we may see re-allocation of economic resource away from tourism-facing activity to other sectors which could reduce the direct impacts of remaining at level 1. However ongoing fear over risk of a future outbreak and a return to higher alert levels will depress demand for the foreseeable future. Export-facing businesses are being forced to fall back on existing international connections and this will increasingly limit economic performance over time, likely leading to depressed long-run growth.

We will need to commit significant resource early on to help secure access to a vaccine

21. There remain a number of significant scientific, commercial and political uncertainties impacting upon the development and acquisition of a safe and effective vaccine. To manage these uncertainties we recommend an approach that spreads New Zealand's engagement across a portfolio of vaccines under development. ^{6(b)(i)}
While a portfolio approach has not generally been used within New Zealand as one of the standard purchasing tools to secure access to pharmaceutical products, such an approach is standard in other contexts where there is a need to manage high-risk high-reward investments.
22. A portfolio of advance purchase arrangements offer a route for purchasers to spread risk across several potential candidates. Advance purchase arrangements incentivise vaccine developers to focus on building manufacturing and delivery capability by de-risking R&D costs. Such an approach requires a significant financial commitment to be made by us upfront. This will allow officials to engage credibly and urgently with international partners and vaccine providers, and to secure options to purchase vaccines according to the timelines that best suit our needs.
23. However such investments will not guarantee access to a vaccine, as it is likely that the majority of the candidates considered will not be viable. It also needs to be noted that pre-payments once made will not be recoverable.

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Determining the likely costs of agreements is difficult, but we need to allocate money in order to start

24. It is difficult to precisely estimate the total envelope required for this task. ^{6(b)(i)}

Vaccines for early delivery will be more expensive (e.g. \$75 – 150 per dose) compared to later delivery (perhaps less than \$15 per dose). It is also difficult to be definite about the number of advance purchase agreements required.

25. Officials have modelled a small set of simplified hypothetical portfolios to get some idea of how costs might add up. This modelling suggests the size of the funding required is highly sensitive to the number of early access vaccines we choose to pursue. Excluding COVAX we estimate that a portfolio of advanced purchases will cost between ⁹⁽²⁾⁽ⁱ⁾ million. We will not be able to narrow this range until we are able to obtain term sheets from vaccine suppliers so that we fully understand the spread of costs. Further there is some upside risk because we have based our modelling on single dose costs, a fixed up-front percentage of 20%, ^{6(b)(ii)}

For this reason we recommend extending the contingency to ⁹⁽²⁾⁽ⁱ⁾ million to provide some headroom.

26. It is critical that we optimise the number of agreements we can reach with vaccine developers, unilaterally or negotiating with other countries, as that is the only way we can improve the chances of getting a vaccine. The additional challenge in these engagements will be making New Zealand visible enough in an environment where larger countries will be offering vaccine developers significant sums of money for early access.

27. We can mitigate against this partly by working alongside other countries to share commercial and scientific intelligence, and to partner on deals to aggregate our purchasing power. ^{6(a)}

We have already established a good working relationship with Australia, the UK and Singapore, ^{6(a), 9(2)(i)}

28. While there are a large number of vaccine candidates in development, there is already a clear division between those candidates that have serious commercial support, and those that do not. ^{6(b)(i)}

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Because of the uncertainty we propose setting up a contingency rather than appropriating the money outright now

29. Because of the significant uncertainty, we propose to hold the funding in a tagged contingency of ⁹⁽²⁾⁽ⁱ⁾ million rather than appropriating it immediately. As we proceed through the development of advanced purchase agreements and gain more intelligence about actual costs, joint Ministers will be able to continue to recalibrate the size of likely final expenditure. We expect to have substantively concluded deals on advance purchase agreements by ^{9(2)(g)(i)}. At this point and based on current assumptions we do not expect to exceed ⁹⁽²⁾⁽ⁱ⁾ million, but it is conceivable that new information will come to hand.
30. The tagged contingency would be drawn down as agreements for vaccine candidates emerge, subject to the governance and accountability arrangements set out below. While some of this funding would be used as pre-payment to secure an option to buy a vaccine once it has been developed, there is a possibility that we may also want to provide resource to support developers in areas such as clinical trials, or underwriting manufacturing capacity. If one or more of the candidates continues to production and meets New Zealand's regulatory requirements, we would exercise our option to buy doses and seek additional funding from Cabinet to pay the remainder of the costs for that vaccine.

We propose establishing a senior and experienced negotiating team to ensure New Zealand secures the best possible commercial deals

31. We propose establishing a committed and experienced negotiating team to conduct conversations with vaccine developers. The team will ensure that any deals are guided by an agreed decision-making framework. This team will be domiciled in MBIE draw in senior commercial and legal negotiators alongside staff from MBIE, MFAT and Ministry of Health. A model used overseas is to have a chief negotiator in place. The team will also be supported by science and manufacturing expertise. This is an approach that is also being taken by like-minded countries such as ^{6(b)(i)}.
32. Departments have already reprioritised significant resource to support the vaccine strategy and it would be challenging to resource this in addition from within existing departmental funds. Consequently we propose a one-off additional resource of \$500,000 to cover the cost of bringing in the additional experts to be used within the 2020/21 financial year.

We will put in place a decision-making framework to guide negotiations

33. We will need to ensure we have in place a robust framework to guide decision-making during negotiations. This will help weigh trade-offs both within individual agreements, and across a balanced portfolio. Some clear considerations have already emerged, however, and will form the basis for this framework.
34. Any portfolio will need to balance vaccine candidates across a set of balancing criteria, including:

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- vaccine technology platform;
- geographic and political risk;
- a range of adjuvants (an agent which improves the immune response); and
- timing (i.e. early availability versus later availability).

35. Further, individual advance purchase agreements will need to be assessed in terms of their overall value for money, including considerations such as:

- likely effectiveness and safety of a candidate;
- suitability for use in New Zealand;
- potential impacts on equity of access and outcomes, including obligations of partners to the Treaty of Waitangi;
- cost, including both vaccine price and full costs entailed for effective and equitable distribution and immunisation;
- the structure of the option, including for example how the risk is shared between the Crown and vaccine developer, and issues of liability;
- delivery schedules; and
- confidence in manufacturing capabilities and the company's ability to deliver as promised.

36. We will want to balance analytical rigour in developing a framework against the need to be pragmatic and move quickly to secure deals in a fast-moving environment. In further development of the framework we will need to be informed by initial conversations with vaccine developers, discussions with international partners, and developing our ability to compare different offers. It is proposed that the Ministers of Finance, Research, Science and Innovation, and Health jointly agree the decision-making framework and governance structure.

Joint Ministers would approve individual advance purchase agreements

37. Because of the size and unusual nature of agreements being entered into as part of this process, we propose that the Minister of Finance, Minister of Research Science and Innovation and the Minister of Health collectively approve all advance purchase agreements. These will be made on the recommendation of the Director General of Health and the Chief Executive of the Ministry of Business, Innovation and Employment. This will be informed by advice from the Vaccine Strategy Task Force. This mechanism will ensure that responsible Ministers, including the Minister of Finance, have clear and ongoing oversight over the construction of the portfolio as a whole, including forecast use of the contingency, as well as on the relative merits of individual agreements. Bringing in specialist staff and drawing on a range of departments will also ensure that recommendations are grounded in the best expertise available.

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Supporting access for the Pacific to a vaccine

38. Supporting Pacific access to a COVID-19 vaccine and Pacific immunisation efforts are also key objectives being pursued under our international engagement strategy. Given the significant unknowns in relation to the costs, timeframes and sources of a vaccine, New Zealand's approach to supporting the Pacific needs to be flexible and will depend on the options and constraints that present themselves.^{6(a)}

We have already signalled to GAVI that we intend to put our \$7 million pledged in June 2020 towards COVAX AMC although this cannot be tagged to the Pacific directly.

39. Details about how COVAX will operate and how vaccines will be allocated are still being worked out. Most Pacific island countries are eligible to access the COVAX Facility with the exception of Palau, Nauru and the Realm.^{6(a)}

40.^{6(a)}

41. Ministers will report back by November on further considerations of access for Pacific countries.

Financial Implications

42. This report seeks agreement to establish a tagged operating contingency of ⁹⁽²⁾⁽ⁱ⁾ million from the COVID-19 Response and Recovery Fund to fund early investment in COVID-19 vaccine candidates, so New Zealand can engage confidently with partners as part of a bloc and/or negotiate advance purchase arrangements with vaccine developers and distributors. We also expect to return with a request for resource to cover pre-immunisation needs.

43. The report seeks Cabinet agreement to the first call on the tagged contingency of up to ⁹⁽²⁾⁽ⁱ⁾ million to cover pre-payment to the COVAX Facility, likely to be due during September 2020. Alongside this it seeks agreement to a pre-commitment of up to ⁹⁽²⁾⁽ⁱ⁾ million of the COVID-19 Recovery and Response Fund from within the tagged contingency, should an effective vaccine be developed and delivered

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by the COVAX Facility. The tagged contingency will also cover some initial costs relating to domestic manufacture and immunisation infrastructure and capability, and other investments that may position New Zealand to better access vaccines, such as contributions to clinical trials.

44. Decisions about the use of the contingency ultimately concern the purchase of public health outcomes. We therefore propose establishing a new Non-Departmental Expenditure (NDE) appropriation in Vote Health, Minimising the Health Impacts of COVID-19, making the Minister of Health accountable to parliament for expenditure. However, this would not prejudice the fact that the decision to sign-off on an agreement will need to be made jointly by the Ministers of Finance, Research, Science and Innovation, and Health.
45. Separately, the report seeks agreement to \$0.5 million for departmental expenditure in Vote BSI within MBIE to acquire specialist commercial, legal and technical capability to support negotiations, and provide peer review. This is separate and in addition to the tagged contingency that has been identified, and is proposed to be drawn down against the CRRF.
46. Ministers will report back to Cabinet in November 2020 on how the contingency has been used. This will include the development of estimates of the costs, benefits and risks of investment in potential vaccines under different scenarios, in terms of economic activity as well as health and wellbeing.

Legislative Implications

47. There are no legislative implications arising from this Cabinet paper.

Population Implications

48. There are no population implications arising directly from this Cabinet paper. Failure to achieve the objectives of this strategy would be likely to delay full cultural, social and economic recovery from COVID-19, with flow-on implications for particular population groups. Māori, Pacific peoples, disabled people and young people are likely to see greater impacts from lower employment and reduced activity in export and tourism industries. People with family outside New Zealand would continue to be impacted by border closure.

Consultation

49. The Treasury, Medsafe, PHARMAC, and the Department of Prime Minister and Cabinet have been consulted in the preparation of this Cabinet paper.

Treasury comment

50. The Treasury supports moving quickly on additional arrangements to progress vaccine purchasing options, but considers sufficient policy work has not yet occurred to enable funding to be drawn down and agreements to be entered in to. In particular, there are risks around the advanced purchasing approach,

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including legal complexities and challenges in securing supply, production capacity and enforceability of contracts.

51. To enable negotiations to proceed, we recommend Ministers agree an initial contingency of ⁹⁽²⁾⁽ⁱ⁾ million which can be drawn down following further advice to joint Ministers on:

- an estimate of the economic, health and wellbeing costs, benefits and risks of investment in potential vaccines under different scenarios;
- the legal 'bottom lines' for advance purchase investments, including ensuring, to the degree it is possible, that agreements will be binding should candidate be successful;
- consideration of access for Pacific countries, particularly the Realm, in the Purchasing Strategy and any investments that need to be made;
- the respective roles of agencies, including how the negotiating team will be set up to manage the significant fiscal and legal risks to the Crown; and
- how the decision-making framework outlined above will be applied by the Taskforce to judge proposals submitted by the negotiating team.

52. Should a successful vaccine eventuate, large sums of funding will be needed to secure access. The advance purchasing investments are just the initial cost, which potentially buys the opportunity to access a successful candidate earlier than otherwise. ⁹⁽²⁾⁽ⁱ⁾

53. Of the funding requested, the Treasury:

- does not support the ⁹⁽²⁾⁽ⁱ⁾ million contingency proposed in the paper, but is supportive of an initial contingency of ⁹⁽²⁾⁽ⁱ⁾ million, subject to the further advice noted above.
- supports the ⁹⁽²⁾⁽ⁱ⁾ million pre-payment to enter the COVAX Facility, and in-principle the remaining ⁹⁽²⁾⁽ⁱ⁾ million contribution if there is a successful vaccine. COVAX seems competitively priced and could deliver 20% of our vaccine needs. As the details of the COVAX agreement are not finalised, there is a risk that the terms of this agreement may impact any other advance purchase investments the Crown enters into.
- does not consider that a sufficient case has been made for additional departmental expenditure to support a cross-agency negotiating team, including why existing capability cannot be reprioritised for this priority work.

Communications

54. We do not propose any communications or announcements as a result of this Cabinet paper. However, officials will provide Ministerial offices with a draft press release and supporting Q&A should the decision be made to announce Cabinet discussions and agreement based on this report. Ministers will report back by November on development of the Communications Strategy.

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Proactive Release

55. We intend to release this Cabinet paper in accordance with the agreed approach to proactive release. Parts of the Cabinet paper will need to be redacted to protect our commercial and foreign policy interests.

Recommendations

The Minister of Foreign Affairs, Minister for Research, Science and Innovation, and the Minister of Health recommend that the Committee:

1. **note** that the COVID-19 Vaccine Strategy objective is to ensure access to a safe and effective vaccine in order to implement our preferred immunisation strategy at the earliest possible time;
2. **note** the need to move quickly to increase the likelihood of New Zealand having timely access to a vaccine;
3. **note** that early investment is urgently needed to secure options for future access to potential vaccines;
4. **note** that we will need to adopt a diversified portfolio approach and pursue multiple pathways concurrently to increase our chances of securing safe and effective COVID-19 vaccines at the earliest possible time for New Zealand;
5. **note** that the Ministry of Health is leading development of a COVID-19 Immunisation Strategy, considering several likely scenarios with differing prioritisation frameworks and immunisation delivery modes;
6. **agree** to establish the following new appropriation to provide for minimising the health impacts of COVID-19, including advance purchase agreements of potential or proven vaccines and to cover likely eventualities that may emerge in the long run including therapeutic products and if appropriate the Immunisation Strategy;

Vote	Appropriation Minister	Title	Type	Scope
Health	Minister of Health	Minimising the health impacts of COVID-19	Non-departmental Output Expense	This appropriation is limited to funding the securing of potential and proven vaccines and therapeutics and to administer approved vaccines as part of minimising the health impacts of COVID-19

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7. **agree** to establish a tagged contingency up to the amounts that follows in Vote Health, to provide for minimising the health impacts of COVID-19 including advance purchase arrangements of potential or proven vaccines and therapeutics, and New Zealand production capability and capacity;

	\$m – increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Minimising the health impacts of COVID-19 – Tagged Operating Contingency	9(2)(i)	-	-	-	-

8. **agree** that the Minister of Finance, Minister of Research, Science and Innovation, and the Minister of Health will jointly agree a framework for purchasing decisions including roles and responsibilities of respective agencies;
9. **authorise** the Minister of Finance, Minister of Research, Science and Innovation, and the Minister of Health, jointly to draw down on the tagged operating contingency funding in recommendation 7 above (establishing any new appropriations as necessary);
10. **agree** that the tagged operating contingency in recommendation 7 above be charged against the COVID-19 Response and Recovery Fund;
11. **note** that New Zealand submitted a non-binding Expression of Interest (EOI) to join the Global COVID-19 Vaccine Access Facility (COVAX Facility) in July, and that draft terms are expected in the week of 3 August, detailed negotiations will take place between 17-28 August, and a decision is required by 31 August;
12. **note** that officials are commencing engagements and negotiations with GAVI to formalise New Zealand’s participation in the COVAX Facility, and that officials will seek Joint Ministers’ (Minister of Finance, Minister of Research, Science and Innovation, and Minister of Health) approval to enter the contract with GAVI to join the COVAX Facility in late August;
13. **agree** in principle to provide up to 9(2)(i) million for New Zealand’s entry into the COVAX Facility;
14. **note** that this 9(2)(i) million up-front payment will pre-commit around an additional 9(2)(i) million (subject to exchange rate fluctuations) should an effective vaccine be developed;
15. **approve** the following changes to appropriations to give effect to the policy decision in recommendation 13 above, with a corresponding impact on the operating balance and net core Crown debt;

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Vote Health Minister of Health	\$m – increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Non-departmental Output Expense: Minimising the health impacts of COVID-19	9(2)(i)	-	-	-	-

16. **agree** that the proposed change to appropriations for 2020/21 above be included in the 2020/21 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply;
17. **agree** that the changes to appropriations in recommendation 13 above, subject to final confirmation of costs, be charged against the COVID-19 Response and Recovery Fund;
18. **note** that should the COVAX Facility or any advance purchase agreement provide a successful vaccine, additional funding will be required to purchase the vaccine and roll out a nationwide vaccination framework;
19. **agree** that New Zealand should join other like-minded partners in lobbying other countries to join the COVAX Facility if required to attract a critical mass of participating countries;
20. **agree** that officials may negotiate other contracts, agreements or arrangements that may secure access to one or more COVID-19 vaccines but may not finalise nor enter in to any contract, agreement or arrangement without first seeking and receiving the approval of the Minister of Finance, Minister of Research, Science and Innovation, and Minister of Health;
21. **agree** that a negotiating team be established and domiciled in MBIE to negotiate advance purchase arrangements;
22. **agree** to provide \$0.5 million in the 2020/21 financial year to establish the negotiating team and ensure that this has people with the right skills and expertise in specialist commercial negotiations;
23. **approve** the following changes to appropriations to give effect to the policy decision in recommendation 22 above, with a corresponding impact on the operating balance and net core Crown debt;

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	\$m – increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25
Vote Business Science and Innovation					
Minister of Research, Science and Innovation					
Departmental Output Expense: Policy Advice and Related Services to Ministers MCA Policy Advice and Related Services to Ministers - Research, Science and Innovation (funded by revenue Crown)	0.500	-	-	-	-

24. **agree** that the proposed change to appropriations for 2020/21 in recommendation 22 above be included in the 2020/21 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply;
25. **agree** that the change to appropriations in recommendation 22 above be charged against the COVID-19 Response and Recovery Fund;
26. **note** that the full cost of eventually acquiring a COVID-19 vaccine and using it to achieve full population immunity to COVID-19 is likely to be considerably higher than costs agreed in recommendations 13 and 22 above;
27. **agree** in principle, subject to confirmation of final costs, that these additional costs will be provided from the COVID-19 Response and Recovery Fund;
28. **invite** the Minister of Finance, the Minister of Foreign Affairs, Minister for Research, Science and Innovation, and the Minister of Health to report to Cabinet by November 2020 on progress in:
- a. expenditure and commitments against the tagged contingency, and any new relevant information about likely future investments;
 - b. progress in developing the Immunisation Strategy, including a “prioritisation framework”;
 - c. development of estimates of the costs, benefits and risks of investment in potential vaccines under different scenarios, in terms of economic activity as well as health and wellbeing;
 - d. consideration of access for Pacific countries; and
 - e. further development of a communications strategy.

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Authorised for lodgement

Rt Hon Winston Peters
Minister of Foreign Affairs

Hon Dr Megan Woods
Minister for Research, Science and
Innovation

Hon Chris Hipkins
Minister of Health

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Cabinet

Minute of Decision

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COVID-19 Vaccine Strategy: Purchasing Strategy and Funding Options

Portfolios Foreign Affairs / Research, Science and Innovation / Health

On 10 August 2020, Cabinet:

Background

- 1 **noted** that:
 - 1.1 on 18 May 2020, Cabinet approved the COVID-19 Vaccine Strategy [CAB-20-MIN-0229.01];
 - 1.2 the objective of the COVID-19 Vaccine Strategy is to ensure access to a safe and effective vaccine in order to implement the government's preferred immunisation strategy at the earliest possible time;
- 2 **noted** the need to move quickly to increase the likelihood of New Zealand having timely access to a vaccine;
- 3 **noted** that early investment is urgently needed to secure options for future access to potential vaccines;
- 4 **noted** that the government will need to adopt a diversified portfolio approach and pursue multiple pathways concurrently to increase the chances of securing safe and effective COVID-19 vaccines at the earliest possible time for New Zealand;
- 5 **noted** that the Ministry of Health is leading the development of a COVID-19 immunisation strategy, considering several likely scenarios with differing prioritisation frameworks and immunisation delivery modes;

Financial implications

- 6 **agreed** to establish the following new appropriation to provide for minimising the health impacts of COVID-19, including advance purchase agreements of potential or proven vaccines and to cover likely eventualities that may emerge in the long run, including therapeutic products, and if appropriate the immunisation strategy:

Vote	Appropriation Minister	Title	Type	Scope
Health	Minister of Health	Minimising the health impacts of COVID-19	Non-departmental Output Expense	This appropriation is limited to funding the securing of potential and proven vaccines and therapeutics and to administer approved vaccines as part of minimising the health impacts of COVID-19.

- 7 **agreed** to establish a tagged contingency of up to 9(2)(i) million in Vote Health, to provide for minimising the health impacts of COVID-19, including advance purchase arrangements of potential or proven vaccines and therapeutics, and New Zealand production capability and capacity:

	\$m – increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Minimising the health impacts of COVID-19 – Tagged Operating Contingency	9(2)(i)	-	-	-	-

- 8 **authorised** the Prime Minister, the Minister of Finance, the Minister of Research, Science and Innovation, and the Minister of Health (Joint Ministers) to agree a framework for purchasing decisions, including roles and responsibilities of respective agencies;
- 9 **authorised** the Joint Ministers to draw down on the tagged operating contingency funding in paragraph 7 above (establishing any new appropriations as necessary);
- 10 **agreed** that the tagged operating contingency in paragraph 7 above be charged against the COVID-19 Response and Recovery Fund;

COVAX Facility

- 11 **noted** that New Zealand submitted a non-binding Expression of Interest (EOI) to join the Global COVID-19 Vaccine Access Facility (COVAX Facility) in July 2020, and that:
- 11.1 draft terms were expected in the week of 3 August 2020;
 - 11.2 detailed negotiations will take place between 17-28 August 2020;
 - 11.3 a decision is required by 31 August 2020;
- 12 **noted** that officials are commencing engagements and negotiations with GAVI, the Vaccine Alliance, to formalise New Zealand’s participation in the COVAX Facility, and that officials will seek Joint Ministers’ approval to enter into the contract with GAVI to join the COVAX Facility in late August 2020;

- 13 **agreed in principle**, subject to Joint Ministers' approval, to provide up to 9(2)(i) million for New Zealand's entry into the COVAX Facility;
- 14 **noted** that this 9(2)(i) million up-front payment will pre-commit around an additional 9(2)(i) million (subject to exchange rate fluctuations) should an effective vaccine be developed;
- 15 **approved** the following changes to appropriations to give effect to the policy decision in paragraph 13 above, with a corresponding impact on the operating balance and net core Crown debt:

Vote Health Minister of Health	\$m – increase/(decrease)			
	2020/21	2021/22	2022/23	2023/24
Non-departmental Output Expense: Minimising the health impacts of COVID-19	9(2)(i)	-	-	-

- 16 **agreed** that the change to appropriations for 2020/21 above be included in the 2020/21 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply;
- 17 **agreed** that the change to appropriations in paragraph 13 above, subject to final confirmation of costs, be charged against the COVID-19 Response and Recovery Fund;
- 18 **noted** that should the COVAX Facility or any advance purchase agreement provide a successful vaccine, additional funding will be required to purchase the vaccine and roll out a nationwide vaccination framework;
- 19 **agreed** that New Zealand should join other like-minded partners in lobbying other countries to join the COVAX Facility if required to attract a critical mass of participating countries;
- 20 **agreed** that officials may negotiate other contracts, agreements or arrangements that may secure access to one or more COVID-19 vaccines, but may not finalise or enter into any contract, agreement or arrangement without first seeking and receiving the approval of Joint Ministers;

Establishment of negotiating team

- 21 **agreed** that a negotiating team be established and domiciled in the Ministry of Business, Innovation and Employment to negotiate advance purchase arrangements;
- 22 **agreed** to provide \$0.5 million in the 2020/21 financial year to establish the negotiating team to ensure that it includes external people with the right skills and expertise in specialist commercial negotiations;

- 23 **approved** the following change to appropriations to give effect to the policy decision in paragraph 22 above, with a corresponding impact on the operating balance and net core Crown debt:

Vote Business Science and Innovation Minister of Research, Science and Innovation	\$m – increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25
Departmental Output Expense: Policy Advice and Related Services to Ministers MCA Policy Advice and Related Services to Ministers - Research, Science and Innovation (funded by revenue Crown)	0.500	-	-	-	-

- 24 **agreed** that the change to appropriations for 2020/21 in paragraph 22 above be included in the 2020/21 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply;
- 25 **agreed** that the change to appropriations in paragraph 22 above be charged against the COVID-19 Response and Recovery Fund;

Additional costs

- 26 **noted** that the full cost of eventually acquiring a COVID-19 vaccine and using it to achieve full population immunity to COVID-19 is likely to be considerably higher than the costs agreed in paragraphs 13 and 22 above;
- 27 **agreed in principle**, subject to confirmation of final costs, that these additional costs be provided from the COVID-19 Response and Recovery Fund;

Further report

- 28 **invited** the Minister of Foreign Affairs, the Minister of Finance, the Minister for Research, Science and Innovation, and the Minister of Health to report to Cabinet by November 2020 on progress in:
- 28.1 expenditure and commitments against the tagged contingency, and any new relevant information about likely future investments;
 - 28.2 progress in developing the immunisation strategy, including a ‘prioritisation framework’;
 - 28.3 the development of estimates of the costs, benefits and risks of investment in potential vaccines under different scenarios, in terms of economic activity as well as health and wellbeing;
 - 28.4 consideration of access for Pacific countries;
 - 28.5 further development of a communications strategy.

Michael Webster
Secretary of the Cabinet