



# Office of Hon Dr Jonathan Coleman

Minister of Health

Minister for Sport and Recreation

Member of Parliament for Northcote

17 FEB 2017

Mr Stuart McLauchlan  
Chair, PHARMAC  
PO Box 10-254  
WELLINGTON 6143

stuart.mclauchlan@pharmac.govt.nz

Dear Mr McLauchlan

## Letter of Expectations for 2017/18

This letter outlines my key priorities for the Pharmaceutical Management Agency (PHARMAC) for 2017/18.

The Government is committed to improving the health of New Zealanders and continues to invest in key health services. In Budget 2016, Vote Health received an additional \$2.2 billion over four years, demonstrating the Government's ongoing commitment to protecting and growing our public health services.

The refreshed New Zealand Health Strategy (the Strategy) provides the sector with a clear strategic direction for the delivery of health services, to ensure that all New Zealanders live well, stay well and get well.

I expect that your 2017/18 Statement of Performance Expectations will clearly demonstrate the linkages between the five themes of the Strategy and your entity's performance story, activities and outcomes. It must also maintain a focus on health equity, where appropriate.

The global economic environment continues to be challenging, and ongoing prudent financial management by the whole of Government remains a priority. I expect entities to play their part. It remains a challenge to improve services while operating under budget constraints, but that is the challenge we all share. I expect that you will continue to consider where your entity can make efficiency gains, and make every dollar count. I expect you to be able to demonstrate the difference your entity makes, and be prepared to shift resources within your entity as required to improve service delivery. You and your Board must monitor and hold your Chief Executive accountable against these expectations as keeping to budget allows investment into new and more health initiatives in the sector.

We must maintain a team approach across the health and disability system. I expect entities to continue to improve their efficiency and effectiveness by working together with other agencies where that is needed to deliver results. You will be clear on how you are working with other agencies, influencing sector-wide results and putting the patient or client (not agency boundaries) first. I also expect entities to work constructively with the Ministry of Health, and on matters related to the 'no surprises' policy.

Ongoing performance improvement in the delivery of excellent public services remains crucial. I want you to be constantly looking for ways to improve how business is done and deliver value for taxpayers' investment in your entity. All entities are to make use of performance or continuous improvement processes such as the Performance Improvement Framework (PIF) formal or self-review methodology. This should be a continuous process.

Finally, openness and transparency in all you do remain important. You should continue to publish non-sensitive performance information on your website, beyond the usual annual reporting requirements.

*Specific priorities for PHARMAC*

I expect you to:

- continue to work closely with the Ministry of Health, New Zealand Health Partnerships Limited and clinicians to implement the medical devices work programme
- continue to move towards budget management of hospital medicines
- continue to communicate and engage proactively with the public and key stakeholders, and in particular, to manage brand switches and high profile funding decisions carefully
- continue early consultation and engagement with the Ministry of Health, particularly on the content of policy work programme and when proposed changes may have an impact on programme management and sector engagements.

Thank you for the support you have shown me to date in the Health portfolio, and for the work you are doing to improve the health and independence of New Zealanders.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Jonathan Coleman', with a long horizontal stroke extending to the right.

Hon Dr Jonathan Coleman  
**Minister of Health**

cc Hon Peter Dunne, Associate Minister of Health  
Mr Steffan Crausaz, Chief Executive, PHARMAC  
steffan.crausaz@pharmac.govt.nz