

Hon Andrew Little

Minister of Health
Minister Responsible for the GCSB
Minister Responsible for the NZSIS
Minister for Treaty of Waitangi Negotiations
Minister Responsible for Pike River Re-entry



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Steve Maharey
Chair
Pharmaceutical Management Agency
steve.maharey@pharmac.govt.nz

Tēnā koe Steve

Letter of Expectations for the Pharmaceutical Management Agency (PHARMAC) for 2021/22

This letter sets out the Government's expectations for PHARMAC for 2021/22. As Chair you are accountable to me for meeting these expectations.

This government is proud of the progress we have made to rebuild our health system, but there is still more to do. It is clear that COVID-19 will be placing a range of pressures on our health system, including PHARMAC, for some time. We are well placed to continue to respond to resurgence as needed and to lock-in new ways of operating based on our COVID-19 response so that we retain and embed new and innovative approaches where possible.

As you know, the Government has accepted the high-level direction of travel of the Health and Disability System Review (HDSR) and during this next phase we will roll out our plan to improve the public health system to ensure it delivers high-quality services, improved equity for our vulnerable populations and supports better outcomes for all New Zealanders. While any direct effects on PHARMAC of the HDSR are not yet clear, there may be significant change in other parts of the sector.

You are aware that the Government has decided to establish an independent review of PHARMAC. I trust you will co-operate with the review as it proceeds from March to December 2021. There will be some uncertainty ahead, but I am confident this will not stop you from driving forward and continuing to deliver the improvements already under way. PHARMAC is a key player in the system and will need to continue to maintain and improve its services in collaboration with a sector which is facing the challenges of change.

The priorities this Government has previously outlined will remain of critical importance for the coming year, underpinned by agencies meeting their obligations under Te Tiriti o Waitangi. Our wellbeing and equity system priorities, together with a focus on giving practical effect to Whakamaua: the Māori Health Action Plan 2020 – 2025 and Ola Manuia: the Pacific Health and Wellbeing Action Plan 2020 – 2025, will continue to provide a solid framework for planning and articulating the work PHARMAC is doing. The priorities for the broader health system are:

- improving child wellbeing
- improving mental wellbeing including a focus on the transformational direction for our approach to mental health and addiction through the agreed actions from the Mental Health and Addiction Inquiry
- improving wellbeing through prevention
- better population outcomes supported by a strong and equitable public health and disability system
- better population health and outcomes supported by primary health care.

A safe and effective vaccine for COVID-19 is an essential part of how we protect our communities and will be a key piece of work for the health system during 2021/22. I appreciate PHARMAC's support of the work on COVID-19 vaccination to date, and trust that you will continue to support the roll-out of the COVID-19 vaccination as necessary.

I acknowledge and thank you for the work PHARMAC has undertaken to actively manage and ensure continuity of supply of medicines and medical devices, particularly in the face of global supply disruptions exacerbated by the pandemic. Supply shortages and disruptions are likely to continue for some time. They will require an ongoing effort by PHARMAC, working with others, to mitigate the direct and indirect effects on access for health practitioners, patients and whanau.

I commend PHARMAC's increasing efforts to better communicate with stakeholders and the wider community on how you undertake your role, such as your new website, and encourage PHARMAC to continue its efforts in this area particularly where your activities result in changes for patients. I note your recent change of procurement approach to a principal supplier model, which was partly a response to stakeholder and patient feedback. It will be important for you to continue to consider your practice in the light of stakeholder feedback and review and make changes where necessary.

In undertaking PHARMAC's critical role, I expect you to work collaboratively with the Ministry, Medsafe and others in the wider health system, to consider further ways in which this can be achieved, while continuing to ensure supply continuity.

The Letter of Expectations for 2020/21 asked PHARMAC to progress:

- continued strong governance and financial management including a process to regularly review the performance of the Board
- the importance of PHARMAC as a key player within the system working collaboratively with other partners
- actions to improve environmental sustainability
- improving the transparency and timeliness of PHARMAC's processes
- transitioning to full management of medical devices
- continued support of sector activity on the Health Finance Procurement and Information Management System
- working with the Ministry to support the NZ Cancer Action Plan
- access to medicines for people with rare disorders
- joint activity with the Health Research Council to research the best use of medicines.

I thank you for your work in these areas over the past year and look forward to continued progress in 2021/22.

In the wake of recent publicly reported computer system breaches at public institutions, I expect that you will ensure that your IT security systems are up to date and fit for purpose given the sensitive information held by health entities. I trust that you will also ensure you have appropriate insurance that provides coverage for IT security incidents if required.

Please note that I do not require you to refresh your Statement of Intent for 2021/22.

We face complex challenges that require collective approaches and I am looking forward to working with you as we continue our efforts to improve outcomes for New Zealanders.

Thank you for the work you have been doing to provide strong governance within our health system.

Ngā mihi nui



Hon Andrew Little
Minister of Health

cc Sarah Fitt, Chief Executive, PHARMAC
sarah.fitt@pharmac.govt.nz