

Appendix One:



Quarter Two Performance Report October to December 2025

1. Introduction

- 1.1. The Quarterly Report provides a summary of key achievements and progress against Pharmac's strategic priorities and annual commitments during Quarter Two - October to December 2025. These commitments are documented in the 2025/26 Statement of Performance Expectations (SPE).
- 1.2. Appendices provide summaries of medicines spending highlights, progress against the Letter of Expectations and results for SPE performance measures.
- 1.3. Overall at the mid-point of the year we are progressing well, delivering multiple programmes of work and are on-track to meet the significant majority of expectations.

2. Highlights - Quarter Two 2025/26

- 2.1. The Medicines Access Summit hosted by Hon David Seymour in October 2025 was attended by Board members and senior staff. It brought together a wide range of stakeholders including patient advocates, clinicians, health officials, suppliers, academics and politicians. Key themes were:
 - how New Zealand can sustainably fund access to an increasing number of modern medicines in a publicly funded health system
 - how can Pharmac bring greater transparency and understanding around our processes and the decisions we make
 - how we could enhance Pharmac's decision-making, prioritisation, funding policies and processes in the face of rising demand for modern medicines
 - current legislative reform underway and how we might modernise Pharmac's statutory functions.
- 2.2. We are publishing provisional outcomes from advisory committee meetings within 30 business days. Provisional recommendations of a meeting are being published earlier, while the review process for the full record is underway. This means people know if a medicine is likely to be assessed and prioritised for funding much sooner.
- 2.3. In August we consulted on changing Pharmac's policy principles for funding rare disorder medicines. We then updated our rare disorders policy principles by broadening the definition of a rare disorder to align with the 2024 Rare Disorders Strategy. From 1 November 2025, the definition of a rare disorder is:

"a medical condition with a specific pattern of clinical signs, symptoms and findings that affects fewer than or equal to 1 in 2,000 people in Aotearoa New Zealand."
- 2.4. We signed a Service Level Agreement (SLA) with Health NZ for Health Technology Assessment (HTA) services provided by Pharmac for medical devices. The SLA outlines key details regarding commissioning, timeframes and funding arrangements.
- 2.5. We launched the new online innovation pathway for medical device suppliers and promoted it through six different external channels and events in November and December.
- 2.6. In December 2025, we funded Phesgo (trastuzumab + pertuzumab), the first new hospital-administered cancer medicines since the Government's transitional access policy for publicly funded cancer medicines to be available in private facilities came into effect. Funding agreements are in place with several private clinics and it is understood that three clinics have patients currently receiving funded treatment.
- 2.7. Pharmac has been supporting Health NZ to manage the recent measles cases by ensuring sufficient supply of Measles, Mumps and Rubella (MMR) vaccines.

- 2.8. There were 37,716 doses distributed in November, compared to the usual distribution which is around 15,000 doses per month. Pharmac worked with the supplier to secure additional vaccines by bringing forward shipments. We have been working closely with Health NZ to forecast demand and scenario planning for additional vaccine activities.
- 2.9. We established a new Obesity Treatments Advisory Group who first met in December to review several current funding applications. This is a cross-discipline group to bring together the relevant expertise to provide us with expert advice in order to progress our assessment of the funding applications.
- 2.10. Advice was provided in October on options for Budget 2026. Following Ministerial feedback, Pharmac has worked with the Ministry of Health, Health NZ and Treasury to submit a Budget 2026 bid in December.
- 2.11. In October we consulted on a proposal to decline applications that have remained in the lowest-ranked group of the Options for Investment (OFI) for more than two years. Feedback received highlighted that people want clear, public information about where medicines sit on the OFI list and why, decisions based on updated evidence – rather than where the medicine is on the OFI, and assurance that changes to how the OFI is managed do not disadvantage Māori, Pacific peoples, rural communities, or people with rare disorders. They also said they want medicines to stay on the list to maintain hope for future funding.

We decided to make no changes to the way we manage the OFI list. We will not proceed with the proposal to decline some low-ranked applications on the list.

- 2.12. In November we announced that we would fund five medicines for multiple sclerosis, breast cancer, eye conditions and lung cancer from 1 December 2025, benefitting around 1,700 people in the first year and up to 4,000 people after five years.
- This includes new injection (subcutaneous) versions of ocrelizumab (branded as Ocrevus SC) and pertuzumab with trastuzumab (branded as Phesgo) which will be more convenient for patients, compared to current intravenous (IV) infusions, with an estimated 7,500 infusion hours saved in the first year and 12,800 hours saved by year five, saving the health system \$11 million over five years.
- 2.13. We will fund an additional brand of methylphenidate for people with ADHD - Methylphenidate Sandoz XR - from 1 December. This follows public consultation and is part of our efforts to improve access to ADHD treatment and ease ongoing supply issues. Methylphenidate plays an important role in supporting people with ADHD. Adding this additional brand will help increase the overall supply and reduce the likelihood of shortages.

We held joint presentations with the Ministry of Health and Medsafe on ADHD prescribing changes and the upcoming 12-month prescriptions, both due to change in February 2026.

- 2.14. We proposed changes to expand access to funded emergency medicines for community-based health services, aiming to reduce inequities and support faster, safer emergency responses across rural and remote areas in New Zealand. The proposal would allow rural nurses, GPs and community-based midwives to access the same funded emergency treatments as hospitals and ambulances.

If approved, from 1 March 2026, the following medicines would be funded for use in community emergency care:

- PRIME services: droperidol, glucose (5% 100ml bag and 10% 500ml bag) ketamine, methoxyflurane, intravenous tranexamic acid, and enoxaparin 100mg.
- Home births: intravenous tranexamic acid for postpartum haemorrhage.

- 2.15. Pharmac are removing unnecessary renewal requirements for selected Special Authority medicines and products, making it easier for people with long-term conditions to access the treatments they need.

A Special Authority is a type of funding restriction used by Pharmac to ensure that certain medicines are targeted to people who would benefit most from them. It sets out specific clinical criteria that must be met before a medicine can be funded.

From 1 December patients will no longer need to renew Special Authority approvals for:

- Insulin pump consumables and continuous glucose monitors for type 1 diabetes
- LAMA/LABA inhalers for respiratory conditions
- Epoetin alfa for chronic renal failure
- Budesonide capsules for Cohn's disease and microscopic colitis
- Febuxostat for gout.

These changes follow consultation on changes to support 12-month prescriptions. Feedback from health professionals and stakeholders highlighted that many renewal requirements were administrative only and created unnecessary barriers for people. These changes will remove around 32,000 renewal applications annually, or about 20% of all Special Authority renewals.

Further medicines investment information is provided in Appendix A.

- 2.16. The 2025/26 Invitation to Tender (ITT) was released on 3 November 2025. The annual tender is a key tool we use to secure ongoing supply of medicines and to manage pharmaceutical expenditure. This is the largest commercial process for pharmaceuticals that Pharmac runs, with over 400-line items being included in the 2025/26 ITT. Some key highlights and reflections from the 2024/25 tender cycle include improved access to medicines for New Zealanders through widening of access to treatments we already fund.

The 2025/26 annual tender is expected to result in a projected savings of close to \$10 million over the next three years – which means more funding for new medicines.

- 2.17. Significant education and inter-sector work to support responsible use has been progressed during 2025/26, including 12-month prescriptions and medicines to treat ADHD, COVID-19, HIV, menopause and gout.
- 2.18. Our revised Equity Policy was published in December.¹

3. Strategic Priorities and work programme

- 3.1. The following sections describe progress made against the strategic priorities documented in the 2025/26 SPE. Pharmac's current strategy is built around improving the way we manage and invest in medicines and medical devices. Pharmac's three strategic priorities are:

- **Enhanced assessment and decision making:** Improving our assessment and decision-making processes by increasing consumer input and participation; improving timeliness and transparency; increasing efficiency; and updating our approach to include wider fiscal impacts to the whole of Government – and consider societal impacts.

¹ Available at: <https://www.pharmac.govt.nz/medicine-funding-and-supply/the-funding-process/policies-manuals-and-processes/equity-policy>

- **Strategic management of the medicines budget:** Planning and managing our budget over the medium-term to achieve the best health outcomes and deliver value for the public.
- **Strategic management of medical devices:** Developing and implementing an integrated approach to hospital medical devices to drive better value and more consistent and equitable access.

3.2. Our strategic priorities are underpinned by priority areas under ‘Organisational Excellence’.

3.3. The table below illustrates the alignment – as well as how they align against the Minister’s 2025/26 Letter of Expectations (LoE).

Strategic priority	Sections in this report	LoE alignment*
Strategic Priority One: Enhanced Assessment & Decision-making	Building Horizon scanning capability	Building Productive Partnerships
	Assessment & decision-making	Improving access to medicines and medical technologies Building Productive Partnerships
Strategic Priority Two: Strategic Management of Medicines	Medicines Funding	Improving access to medicines and medical technologies
Strategic Priority Three: Strategic Management of Medical Devices	Medical Devices	Improving access to medicines and medical technologies
Organisational Excellence	Reset programme	Improving access to medicines and medical technologies Building Productive Partnerships Continuous Improvement of Organisational Culture
	Engagement Strategy	Building Productive Partnerships
	Data & Digital	Continuous Improvement of Organisational Culture
	Health Needs	Continuous Improvement of Organisational Culture
	Organisational Culture	Continuous Improvement of Organisational Culture

* An update against all expectations in the LoE is included as Appendix B.

4. Strategic Priority One: Enhanced Assessment & Decision making

- 4.1. **Horizon scanning:** Pharmac undertakes multiple horizon-scanning activities across our work. Collectively, these activities form a substantial foundation for anticipating innovations and their system impacts.
- 4.2. There are, however, opportunities to further enhance horizon scanning activities within Pharmac and this will be explored as part of 2026/27 planning and outyears. One immediate activity that will be progressed is to formally apply to join the EuroScan International Network (a global early awareness network that connects agencies to share practical intelligence on emerging health technologies).
- 4.3. We will share findings and engage with the Health Leadership Forum to discuss opportunities for an improved, co-ordinated and structured approach to horizon scanning across the health system. We will also provide your office with a briefing on findings.
- 4.4. **Improvements to Assessment & Decision-making:** We have established a dedicated internal taskforce to lead improvements to the advice and assessment of medicine funding applications, supported by consumer, clinical, and supplier input. The focus this quarter has been:
 - reduced the backlog of funding applications waiting for assessment through an intentional and comprehensive review of applications and associated data. (reduced by 7% this quarter, with a cumulative reduction of 13.24% in the year to date)
 - simplified and standardised the process steps and definitions so that consistent measurement of progress can be reported.

Further actions have been identified as part of the Reset Programme (section 7.1).

5. Strategic priority two - Strategic Management of Medicines

5.1. Medicines funding

5.1.1. *Implementation of 12-Month Prescriptions*

The Government announced its intention to allow prescriptions to be written for 12 months at a time from 1 February 2026. Implementing this decision requires several steps to be taken by Pharmac, Health NZ and the Ministry of Health over the coming months.

Consultation closed in late July and we received over 90 responses to consultation. The decision to enable medicines and other products to be funded for up to 12 months on a single prescription was announced on 7 October. Some people will need prescriptions less often than they do now.

5.1.2. *Updating commercial approaches*

We are considering commercial models for emerging therapies. We are currently in discussions with suppliers on gene therapies and pan-tumour treatments. In addition, we are engaging more broadly with sector stakeholders on therapies that involve significant service delivery components, such as CAR-T and weight-loss treatments.

6. Strategic Priority Three: Strategic Management of Medical Devices

- 6.1. **Medical devices:** We signed a Service Level Agreement (SLA) with Health NZ for Health Technology Assessment (HTA) services provided by Pharmac. The SLA outlines key details regarding commissioning, timeframes and funding arrangements.
- 6.2. We launched the new online innovation pathway for medical device suppliers and promoted it through six different external channels and events in November and December.
- 6.3. We completed three joint workshops with Health NZ. A key outcome was the development of a transition plan, which we are currently working to implement and integrate into our internal business planning. The transition plan is now being delivered by Pharmac and HNZ - with 5 initial workstreams.
- 6.4. We worked with Ministry of Health on the proactive release of all ministerial papers regarding the medical devices review. We also proactively released their Ministerial briefings on the review.
- 6.5. A shared update to all the medical suppliers from Pharmac and Health NZ was circulated outlining the progress to date. Suppliers continue to reach out as and when questions arise for them.

7. Organisational Excellence

- 7.1. **Reset programme update:** The Reset Programme remains a key organisational priority and is progressing as planned. The second 90-day action plan (October–December 2025) has been completed. Some actions, such as Pharmac’s new vision and strategy, span multiple quarters and will continue into future phases of the programme.
- 7.2. Key achievements in quarter two include:
 - engaging with consumers and staff on ideas for the new vision statement and strategic priorities
 - enhancing existing consultation process, including consultation for the annual tender process.
 - collaboratively develop resources to support consumers and patients to share their lived experience more easily and confidently
 - refinement of Pharmac’s Communications Strategy and progressing a more joined-up communication approach with advocacy groups.
- 7.3. Four new priority actions have been identified for the third 90-day action plan. These include:
 - testing consumer engagement approaches as part of the Exceptional Circumstances Framework review
 - defining and publicly reporting clearer timeframes and milestones for medicine funding applications
 - trialling fast-track approaches to address application backlogs
 - developing a draft roadmap for a four-year improvement programme in partnership with staff, consumers, clinicians, suppliers and other stakeholders.

We have established a dedicated internal taskforce to lead improvements to the advice and assessment of medicine funding applications, supported by consumer, clinical and supplier input.

7.4. **Consumer relations team:** We completed recruitment for the new centralised consumer relations team. The team will strengthen day-to-day engagement and build deeper relationships with consumer stakeholders. This work aligns with the Engagement Strategy and supports the 2025/2026 Letter of Expectations objective, to enhance partnership and engagement. The team is commencing engagement with consumer stakeholders from February 2026.

7.5. **Engagement strategy implementation progress update:** Our engagement strategy has six focus areas and the following table highlights both completed actions and those that are ongoing.

Focus areas	Progress
Tools and Training	Engagement tools have been developed to support consistent delivery of best-practice engagement.
Process	<ul style="list-style-type: none"> • Engagement processes are being incorporated into the broader business process architecture currently under development. • An engagement register application has been developed to support the Reset Programme and new consumer relations team. • A new online form now helps with consultations, providing guidance.
Specialist Advice and Coaching	Engagement specialist coaching and oversight have supported the development of all significant engagement plans.
Consumer voices	<ul style="list-style-type: none"> • Independent consumer workshops and a resulting insights report were commissioned by Board and delivered. • Reset programme is continuing engagement continuing with the Consumer and Patient working group. • An external engagement team has been established with all consumer relations staff now appointed. • The Consumer Advisory Committee (CAC) continues to input on our engagement work regularly. • Consumer Forums have been held with key consumer stakeholders since April 2025. These sessions provide an opportunity for consumer representatives to hear directly from the Chief Executive and Senior Leadership Team, ask questions, and provide feedback.
Advisory network development	<ul style="list-style-type: none"> • Pharmac’s clinical advisory committees continue to feature lived-experience consumer submissions. • Clinical advisory committees are piloting the inclusion of expert observers in meetings to support discussions requiring specialist input.
Health sector collaboration	<ul style="list-style-type: none"> • A Health NZ relationship management plan has been developed and is currently being implemented. • A cross-sector equity working group has been established, bringing together 11 health agencies to share equity-related resources and best practices. • Multiple cross-agency working groups have been established to coordinate key initiatives, such as methylphenidate supply issues,

Focus areas	Progress
	<p>childhood vaccine access and naloxone access.</p> <ul style="list-style-type: none"> Pharmac's Engagement Strategy was presented as a best-practice organisation-wide strategy to over 70 engagement specialists across government.

7.6. Data and digital strategy:

The Board approved Pharmac's data and digital strategy in January 2025. The strategy describes how optimising data and digital services can enhance delivery of Pharmac's strategic business intentions.

The work to implement the data and digital strategy is now accelerating, under the following workstreams:

7.6.1. *Redevelopment of Pharmaceutical Schedule*

The project is beginning to accelerate its outputs. The design and requirements are completed and being presented for approval in late January. The Development team are being assembled and the work on the development environments is nearly complete.

7.6.2. *Development of funding entitlements system*

Responsibility for the development of the funding entitlements system is with Health NZ and the work is being delivered by the HSAAP programme. Pharmac is working closely with Health NZ on the delivery of this project.

7.6.3. *Development of external portals for clinicians, HNZ, pharmacists, supplier and the wider audience portals*

The work is scheduled to be delivered following the Schedule redevelopment.

7.6.4. *New contract management system*

Requirements for the system are being gathered and we are investigating the use of the NZ Government common operating model to guide the renewal of our processes. The procurement plan will be developed over the next quarter.

7.6.5. *Improved application development tools to improve workflow*

The new tools have been selected and a proof of concept is underway to ensure the new tools are implemented and delivered in as effective way as possible – these tools will be used as part of the delivery of the other projects as well as to deliver specific workflow improvements within this project.

7.7. Using Artificial Intelligence (AI)

The AI working group will be reviewing and proposing to the Senior Leadership Team a new Policy for the adoption and use of AI and the guardrails for its implementation. There will also a series of more detailed proof of concepts undertaken to develop a clearer understanding of the areas that will benefit most from early adoption of AI.

7.8. Health Needs - Equity policy

Our revised Equity Policy was published on Pharmac's website in December 2025. The policy sets out our operating context, role in the wider health sector and recognises that Pharmac has limited direct levers to achieve health equity, and so we work in strong partnership with other health and public sector agencies as part of achieving the wider Government's health priorities.

7.9. Organisational Culture

Ongoing work continues to strengthen the Organisation's infrastructure, systems, processes and overall workforce support. With the commencement of Pharmac's new Chief Executive, Senior Leadership Team Planning Sessions are being held which identify opportunities to drive positive organisational culture.

8. Organisational capability

8.1. People and Capability Strategy

Our People and Capability strategy identifies priorities for Leadership and Culture.

One component of this workstream is the Engagement Action Plan, led by the People and Capability team, which encompasses a series of leadership clinics for leaders and feedback workshops for employees. These are being rolled out in February and March.

8.2. Workforce

The Collective Employment Agreement (CEA) between Pharmac and the PSA was ratified and signed in November 2025. Implementation of the CEA commenced immediately. As agreed in the Terms of Settlement, Pharmac and the PSA have established a Joint Working Group (JWG) to work together on the Remuneration Project.

8.3. Employee Experience

Engagement in recognising employees who live our values, in the monthly he kahui whetu programme remains high.

Pharmac's People and Capability metrics are trending positively. We have relatively low sick leave use with an average of 5.23 days taken per person so far in 2025/26. The 2025 public sector average is 10.3 sick days taken per person.

In quarter two, 12 people have used EAP services, compared with 14 for quarter one in 2025/26. There have been 24 EAP sessions used in quarter two, compared to 36 in quarter one in 2025/26.

Pharmac's 12-month rolling average unplanned turnover is higher compared to the public sector average, which was 9.9% as at 30 June 2025. Our average has remained around 20% for the past year (19.8% in quarter two compared to 20% in quarter one). The top reasons for leaving were for new career opportunities, better remuneration and benefits, and more challenge/job growth.

9. Appendices

Appendix A: Medicines budget highlights

Appendix B: Progress against 2025/26 Letter of Expectations

Appendix C: SPE Performance measures 2025/26

Appendix A - Medicines budget highlights

1.1. Investments for implementation in the 2025/26 financial year

Pharmac has invested in 15 access widenings and five new listings for implementation in 2025/26.

Decision type	No. of pharmaceuticals	Estimated new patients 2025/26	Estimated Gross spending 2025/26
Widened access ¹	15	219,112	\$18,972,000
New listing ²	5	142,965	\$10,682,000
Total	20	362,077	\$29,654,000

¹ Changes in access criteria for existing funded medicines, making them more accessible and/or available for a wider patient population(s).

² Any medicine not currently listed on the Pharmaceutical Schedule and any new presentations (e.g., tablet, infusion, injection) that represent a significant shift in treatment options for patients.

1.2. Medicines spending highlights

1.2.1. Proposal to widen access to Trikafta to patients with Cystic Fibrosis (CF), regardless of age

In January we issued a consultation to widen access to Trikafta and Kalydeco to patients with cystic fibrosis, regardless of age, and to fund the new CF medicine Alyftrek. If approved, from 1 April 2026:

- Trikafta (tezacaftor, ivacaftor and ivacaftor) funding would be widened to include all people who have an eligible mutation and meet certain clinical criteria.
- Ivacaftor (branded as Kalydeco) funding would be widened to include people who have an eligible mutation responsive to Kalydeco and meet certain clinical criteria.
- Vanzacaftor/tezacaftor/deutivacaftor (branded as Alyftrek) would be funded for all people who have an eligible mutation and meet certain clinical criteria.

A decision will be made by the Board in early March 2026.

1.2.2. Easier access to HIV medicines from March

From 1 March 2026, all HIV medicines will be able to be dispensed in three-month amounts, rather than monthly, reducing pharmacy visits and making it easier for people to manage their treatment. This follows a public consultation which supported the change. People told us these changes would make HIV medicines more accessible and remove an unnecessary administrative burden on patients and healthcare providers.

We also consulted on the removal of Special Authority criteria for funded HIV medicines; as well as making two HIV medicines available on a Practitioner's Supply Order (PSO) for Post Exposure Prophylaxis (PEP). These changes were proposed to reduce barriers to treatment and allow prescribers to keep HIV medicines in their clinics.

After considering feedback, we decided not to remove Special Authority criteria or enable access for HIV medicines on the PSO at this stage. An alternative proposal that takes on board the feedback will be developed and consulted on in 2026.

1.2.3. Funding for rare disorder treatment

From 1 February 2026, nitisinone will be funded for people with the rare disorders tyrosinemia type 1 and alkaptonuria. Nitisinone was previously funded through Pharmac's Named Patient Pharmaceutical Assessment (NPPA) pathway. This decision makes it easier for clinicians to prescribe and for people to access treatment.

Approximately 10 people with these rare disorders would benefit from access to the medicine in the first year of funding.

1.2.4. Funding alternative treatment for tooth decay

We funded silver diamine fluoride for the treatment and prevention of tooth decay from 1 December 2025, for people accessing dental services through public hospitals and Health NZ's Community Oral Health Service for children, including some adolescents. This follows public consultation and is expected to children and those who may find some traditional dental procedures challenging. Silver diamine fluoride is a treatment that halts the progression of tooth decay and reduces tooth sensitivity. It comes in a liquid form that is applied to the tooth, making it less painful and invasive than a filling.

1.2.5. Simplifying biologic medicine funding criteria

We are proposing changes to the Special Authority and Hospital Indication Restrictions criteria for four biologic medicines: infliximab, etanercept, secukinumab, and rituximab. These medicines are used to treat a range of autoimmune and inflammatory conditions. The proposed changes aim to reduce administrative workload for clinicians, improve consistency across biologic treatments, and respond to feedback received during previous consultation. Special Authority and Hospital Indication Restrictions are funding tools used by Pharmac to ensure medicines are targeted to those who would benefit most. They set out specific clinical criteria that must be met before a person can get a funded medicine. Consultation closed on 27 November 2025 and a decision is likely to be notified before March 2026.

1.2.6. Changing brand of fulvestrant injection for New Zealanders with breast cancer

We confirmed a change in the funded brand of fulvestrant injection, a medicine used to treat certain types of breast cancer. From 1 December 2025, the funded brand will change to Fulvestrant EVER Pharma (InterPharma). Faslodex will be delisted on 1 May 2026, and Fulvestrant EVER Pharma will then hold Principal Supply Status until 30 June 2028. Fulvestrant is the only funded selective oestrogen receptor degrader (SERD) available in New Zealand. Ensuring an appropriate brand of fulvestrant is funded, as well as maintaining continuity of supply is critical for the health and wellbeing of people undergoing treatment.

Appendix B – Progress against 2025/26 Letter of Expectations

1. Improving access to medicines and medical technology

Expectation	How we plan to meet the expectation	Quarterly progress
<p>1 How the current statutory objectives and functions of Pharmac are working with a view to updating. Any updates could include reflecting the wider fiscal impacts to government, and broader societal and non-health outcomes, of funding medicines and medical devices. Please report back to me on this work in December 2025.</p>	<p>We will work with the Ministry of Health to explore opportunities for updating the legislation with respect to Pharmac.</p>	<p>Departmental report from the Ministry of Health provided to the Health Select Committee.</p> <p>The Healthy Futures (Pae Ora) Amendment Bill 2025 is waiting it's second reading.</p>
<p>2 Updating Pharmac's assessment methodologies and approach, including:</p> <p>a. The wider fiscal impacts to the government of funding medicines and medical devices, and how you consider societal impacts.</p> <p>b. Appropriate processes and methodologies for ensuring that those living with a disease, and their carers and family, can participate and provide input into the decision-making processes.</p>	<p>In line with our Enhanced Assessment and Decision-making strategic priority, we will:</p> <ul style="list-style-type: none"> • pursue opportunities for Budget 2026 (assessing fiscal and societal impacts) • revise our methods for cost-utility analysis to enable us to consider wider fiscal impacts to government and societal impacts • review how we seek expert advice • report on how we have increased consumer participation across our assessment and decision-making processes. 	<p>Worked with the Ministry of Health, Health NZ and Treasury to submit Budget 2026 bid to for an increase in the Medicines Budget and also for an increase in Pharmac's operational budget.</p> <p>We have advanced our societal impacts work and have used it to prepare our submission to Budget 2026.</p> <p>Work continues via the Reset Programme to explore opportunities for how we seek expert advice and increased consumer input to our medicines assessment processes.</p>
<p>3 Evaluating and evolving the different roles Pharmac undertakes in relation to health technology assessment and procurement to ensure they are fit-for-purpose.</p>	<p>We will continue to explore international funding models and best practice for assessment and procurement. This will include progressing work on societal impacts, utilising expertise from the Netherlands.</p>	<p>Work is underway to explore opportunities for improvements across our health technology assessment (HTA) process.</p> <p>We have agreed Service Level Agreement with Health NZ for medical devices for HTA.</p>

Expectation		How we plan to meet the expectation	Quarterly progress
4	Pharmac making budget requests to me as its responsible Minister, in a manner which maintains independence but supports additional investment. This should include exploring with stakeholders different methods for funding medicines.	We will work with you, the Ministry of Health and Treasury to pursue opportunities for progressing budget requests in the lead up to Budget 2026. This will include next steps for assessing wider fiscal impacts and societal impacts.	We put forward a budget bid for Budget 2026 in December and will work with the Ministry of Health, Health NZ, Ministers, and Treasury on next steps.

2. Building Productive Partnerships

Expectation		How we plan to meet the expectation	Quarterly progress
5	Prioritising improvements in the timeliness of assessment and decision-making and publication processes. I expect you to continue to report results publicly.	Pharmac will continue to report publicly on the progress of our timeliness measures. Improvement steps include: <ul style="list-style-type: none"> developing and testing new approaches for the publication of expert advisory meeting records/provisional recommendations reducing the backlog of funding applications waiting for assessment (reduced by 7%) testing/piloting rapid assessment processes streamlining assessment process with suppliers (and reflect this in updated guidelines). 	The focus of the quarter has been on: <ul style="list-style-type: none"> establishing a taskforce to focus on improvements to our advice and assessment processes (Reset) reducing the backlog of funding applications waiting for assessment (reduced by 7%) assessing the consultation process commencing development of a (pilot) rapid assessment processes definitions and data clean-up activity
6	Partnership and engagement work being strengthened to ensure all stakeholders understand what Pharmac does and how it works. This should include identifying opportunities for collaboration including: <ul style="list-style-type: none"> Supporting the implementation of the rare disorder's strategy. Contributing to a medicines and medical devices strategy. 	We will continue to report on how we are increasing consumer participation across our assessment and decision-making processes. This will include the establishment of the Consumer Working Group and ongoing work with the Consumer Advisory Committee. We will also work with the Ministry of Health and Health NZ on the Rare Disorders, Medicines, and	Consumer and Patient working group has been established and is meeting fortnightly (as part of the Reset Programme). The Consumer forum has been established for key patient and consumer representatives to meet with our Senior Leadership Team. Pharmac's rare disorders policy has been updated and published in October.

Expectation		How we plan to meet the expectation	Quarterly progress
		Medical Devices strategies and policies.	We are inputting to the Rare Disorders Strategy implementation plan being led by the Ministry of Health.
7	Partnering with government and non-government stakeholders, including the medicines and medical devices industries, to identify and pursue opportunities that improve horizon scanning, enable process efficiencies, support funding and planning for emerging technologies, and ultimately deliver better health outcomes.	Pharmac undertakes multiple horizon-scanning activities across its work. Collectively, these activities form a substantial foundation for anticipating innovations and their system impacts. There are however opportunities to further enhance horizon scanning activities within Pharmac and this will be explored as part of our planning for 2026/27 and outyears.	Will formally apply to join the EuroScan International Network (a global early awareness network that connects agencies to share practical intelligence on emerging health technologies). We will provide an update to the Board in February 2026.

3. Continuous Improvement of Organisational culture

Expectation		How we plan to meet the expectation	Quarterly progress
8	Progress is made on implementing recommendations from the Board commissioned external reviews into workplace culture and consumer engagement. This should include initiatives such as a consumer reference group. This should include the involvement of patient groups.	We have established a 12 month "reset" programme to respond to recent external reviews. This includes the establishment of the Consumer Working Group to support the programme, alongside our ongoing commitment to increase consumer input and voice in our assessment and decision-making.	12-month reset programme established supported by Consumer and Patient Working Group. Completed second 90-plan in quarter two. Monthly progress reports for the Reset Programme are published on Pharmac's website.
9	A new vision and strategy is developed that supports the organisation to be more outwardly stakeholder focused including ensuring this is reflected in the annual Statement of Performance Expectations, and a revised Statement of Intent by June 2026.	We will work with stakeholders to revise our vision and strategy by June 2026.	Vision and strategy underway. Pharmac Board considered working draft in December and further engagement will be undertaken in the first quarter of 2026.
10	Pharmac is investing in data and digital infrastructure to enhance core functions and improve decision making, collaboration and transparency.	Our Data and Digital strategy reflects the steps ahead. Investments over the next 12 months will include the scoping and development of enhancements for the Pharmaceutical Schedule and other externally facing	Work underway to develop new Pharmaceutical Schedule system. Broader two-year data and digital programme agreed.

Expectation		How we plan to meet the expectation	Quarterly progress
		systems as budget allows.	
11	<p>Pharmac continues to contribute to the Government's health priorities including:</p> <ul style="list-style-type: none"> a. The Government Policy Statement on Health 2024-2027. b. National health targets. c. New Zealand Health Plan and associated Pae Ora strategies. 	Our commitments to the Government Policy Statement, national health targets, and associated plans and strategies, are reflected in our statutory reports (Statement of Intent and annual Statement of Performance Expectations).	Pharmac continues to work closely with the sector to align against health priorities, plans, and accountabilities
12	Pharmac's work gives effect to the Cabinet Circular (24) 5: <i>Needs-based Service Provision</i> , to meet the Government's expectations for how the targeting, commissioning and design of public services should be based on the needs of all New Zealanders.	We will revise our policies and procedures to ensure alignment with Cabinet Circular (24) 5: Needs-based Service Provision.	<p>A work programme is underway focused on reviewing Pharmac's policies. Pharmac Board have agreed revised Equity policy.</p> <p>Published new Access Criteria policy. Working closely with Ministry of Health on their health needs work.</p>
13	Pharmac is delivering the agreed outcomes from the medical devices review including working collaboratively with the Ministry of Health, Health NZ, medical devices industry and other stakeholders.	We will work with the Ministry of Health and Health NZ to deliver the agreed outcomes of the Medical Devices review.	<p>We have agreed with Health NZ a transitional implementation plan to progress actions.</p> <p>We have agreed a Service Level Agreement with Health NZ for health technology assessments.</p> <p>We are working with the Ministry of Health and Health NZ on a benefits realisation plan all parts of the letter of expectations- with a progress report due back to Ministers in March.</p>

Appendix C - SPE Performance measures 2025/26

Strategic Priority One: Enhanced Assessment and Decision-making

SPE Performance measure	2024/25 result	2025/26 Annual Target (from SPE)	Q2 Result/Status	Commentary
A reduction in the average time to assess and rank new applications – average for last 5 years	27.2 months	< 21.5 months (proposals received in last 5 years).	26 months Q1 = 28 months	Work is underway to segment the process steps and seek improvement.
A reduction in the average time to assess and rank new applications – average for all proposals	40.7 months	< 39.3 months (all proposals).	36 months Q1 = 36 months	Work is underway to segment the process steps and seek improvement.
A reduction in average time to publish Pharmacology and Therapeutics Advisory Committee (PTAC) records.	PTAC = 82 days	< 60 days.	82 days	Work is underway to segment the process steps and seek improvement.
A reduction in average time to publish Advisory Committee records (SACs).	SAC = 97 days	< 90 days.	98 days	Work is underway to segment the process steps and seek improvement.
A reduction in average time to publish provisional record recommendations (for PTAC and Advisory Committee records)	New measure (not measured in 2024/25).	Achieved PTAC: Average time of less than 30 days. Advisory committees: Average time of less than 30 days.	100% to date (less than 30 days)	New measure.
A reduction in the number of applications yet to be ranked (backlog)	N/A	< 150 applications	220 applications Q1 = 232 applications	Reduced by 7% this quarter. This is a total reduction of 13.24% for the current year.
The number of medicines (volume) and the range of medicines (mix) have increased over time within budget ²	Volume and mix go up compared to previous years.	Volume and mix go up compared to previous years.	Result available at year end	From 2015, the number of medicines (volume) and the range of medicines (mix) have increased over time, meaning we are seeing more, and varied medicines funded in New Zealand. Over the same period, the average subsidies paid have gone down, signalling that Pharmac is managing overall costs while still expanding access.

² Measure is influenced by work undertaken for both strategic priority 1 (Strategic Management of Medicines) and strategic priority 2 (Assessment & Decision-making).

Strategic Priority Two: Strategic Management of Medicines Budget

SPE Performance measure	2024/25 result	2025/26 Annual Target (from SPE)	Q2 Result/Status	Commentary
Increase in the number of New Zealanders receiving funded medicines.	4,102,683 people.	>0 (Total number is accumulated during the year as decisions come into effect.) ³	Full results available at year end.	We will continue to track the number of people receiving funded medicines throughout the year.
Increase in the number of new medicines funded.	52	>0 (Total number is accumulated during the year as decisions are made) ³	5 to date Full results available at year end.	We will continue to track the number of new medicines funded throughout the year.
Access is widened to an increased number of medicines that are already funded.	31	>0 (Total number is accumulated during the year as decisions come into effect.) ³	15 to date Full results available at year end.	We will continue to track the number of access widenings throughout the year.
Increase the estimated number of New Zealanders benefitting from new medicines funded.	89,436 people	>0 (Total number is accumulated during the year as decisions come into effect.) ³	Estimated 362,077 to date Full results available at year end.	We will continue to track the estimated numbers benefitting throughout the year.
Average time from funding application received to first decision date.	Average all = 95 months Average for last 5 years = 36 months	No target set. Many decisions rely on factors outside of Pharmac's control (such as budget availability).	Average all = 36 months. (Q1 = 116 months) Average for last 5 years = 36 months	Dependent on available funds in the medicines budget.
Percentage of decisions on initial Named Patient Pharmaceutical Applications (NPPA) made within 10 working days.	79%	>75%	77% Q1 = 69%	Volume of applications has increased.

³ Volume based targets are not set for these measures. This is due to our statutory objective (to get the best health outcomes we can) rather than to fund medicines for the most people we can. How we define "best health outcomes" is captured in our Factors for Consideration.

Strategic Priority Three: Strategic Management of Medical Devices

SPE Performance measure	2024/25 result	2025/26 Annual Target (from SPE)	Q2 Result/Status	Commentary
Manage expenditure on hospital medical devices under Pharmac contract to within 1% of budget for the year. (New measure in 24/25)	0.44 percent	To within 1%	0.28%	Price movement is tracking at 0.28%, and to date we are on track to remain within the target.

Organisational Excellence

SPE Performance measure	2024/25 result	2025/26 Annual Target (from SPE)	Q2 Result/Status	Commentary
Increased public trust in Pharmac. Sourced from an external survey.	60	>60	Result available at year end	External survey to be undertaken in 2026.
Assessment of consumer engagement (based on the Consumer Quality Safety Marker (CQSM) self-assessment).	In March 2025, our self-assessment score was an overall 2 out of 4. With a 2, 2, and 3 rating across the three domains.	Seek to attain a score of 3 or more across the three CQSM domains.	In September 2025, our self-assessment score was an overall 2 out of 4. With a 2, 2, and 3 rating across the three domains.	Next self-assessment scheduled for March 2026.