

Pharmac – increasing consumer and engagement activity

Category	New initiative					
Description:						
	\$m – increase/(decrease)					
Funding (\$m)	2024/25	2025/26	2026/27	2027/28	2028/28 & outyears	Total over the forecast period
Total operating	-	2.000	2.000	2.000	2.000	8.000
Total capital	-	-	-	-	-	-

What the initiative is buying

This initiative will ...

- Support Pharmac to increase its consumer and engagement related activities across its assessment and decision-making activities.
- Establish a new dedicated consumer relationship team and provide associated digital solutions to enable increased patient voice and input across Pharmac's work.

Expected impacts

This funding will...

- Increase consumer input, engagement and patient voice across all aspects of Pharmac's work.
- Improve Pharmac's interactions with the general public, consumer groups, clinicians and wider health sector eg public consultation.
- Increase digital platforms to make it easier and simpler for the public to engage with Pharmac and for Pharmac to share information.

Expected outcomes

This funding will

- By better involving and integrating the voice of consumers across Pharmac's work will enhance Pharmac's assessment and decision-making (and ultimately improved health outcomes for patients).
- Measurable benefits would include increased consumer inputs into the Pharmac assessment and decision-making processes, increased transparency and improved public understanding trust and confidence of Pharmac and its work. We would also hope to see improvements in the annual public sector reputation index score for Pharmac.
- Digital improvements will enable Pharmac to reach a wider audience, particularly for lived experience.

Key population groups

- People with lived experience of a health condition.
 - Patient advocacy groups for a wide range of health conditions that advocate on behalf of general public.
-

Alignment with the Government Policy Statement on Health (GPS) 2024–2027

- 'Continue to develop Pharmac's model to ensure patient voice and wide-ranging societal consequences are taken into account' is a specific action for Pharmac in the GPS 2024-2027.
-

Alignment with Government targets

- N/A
-

Broader government impact

- The code of expectations for health entities' engagement with consumers and whānau (the code) sets the expectations for how health entities must work with consumers, whānau and communities in the planning, design, delivery and evaluation of health services. This code is required by the Pae Ora (Healthy Futures) Act 2022 and is underpinned by the health sector principles. Pharmac must act in accordance with the code and there are areas where improvements are required as identified in the Consumer Quality Safety Marker self-assessment where Pharmac's rating is 2 (out of 4).
 - The initiative is consistent with Government expectations of Pharmac to have "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 process. This should also include the involvement of patient groups" (2024/25 Letter of Expectations).
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Regulatory / legislative impact

- None.
-

Key messages

- Pharmac's current assessment and decision-making processes do not sufficiently factor in consumer and lived experience voices.
 - While Pharmac has some consumer representation on its expert advisory committees and undertakes a range of other consumer focused activities, we know from international experience that dedicated resources and systems are needed to facilitate proactive engagement with stakeholders/consumers to enable stronger integration with process and decision-making.
 - The establishment of new dedicated consumer relationship team will significantly increase Pharmac's activities to increase consumer input and patient voice across its work.
-

Q&A

Which of the Budget priorities does this initiative support and how?

- Delivery effective and fiscally sustainable public services.
-

How will this initiative be implemented?

- Establishment of new dedicated consumer relationship management team.
- Introduction following procurement process of suite of digital tools to support.

What are the expected benefits for people?

- People better understand Pharmac's work and how they can engage.
- People can better provide input into Pharmac's assessment and decision-making processes.
- Consumer advocates have an improved relationship with Pharmac.

How does this link to other areas in the health sector work programme?

- The code of expectations for health entities' engagement with consumers and whānau is a requirement of health entities under Pae Ora Act.

Key costing assumptions

Current forecasted costs associated with employment of 8 FTE and digital improvements.

Risks and mitigations

Risks	Mitigations
Consumers will expect all engagement improvements to be effective immediately.	Pharmac will publicly release a clear path to improving consumer engagement with milestones and timeframes that demonstrate improvements are being made as quickly as possible.

- Are any policy decisions required, i.e., whether a Cabinet is required to start or significantly change a programme? No
- Is Budget night legislation required? No

Key contacts

Michael Johnson, Director Strategy, Policy and Performance, Pharmac – 021 870 190

To help with consistency across templates, please apply the following:

- Answers should be succinct, between 1 – 4 bullet points.
- Size 10, Segoe UI
- Overall costs to be presented in \$m, decimal points to 3 DP
- Please avoid acronyms where possible
- Health NZ (rather than HNZ or Health New Zealand)
- If talking about costs, please specify whether the amount is a total over the forecast period or per annum figure. Where possible, please use the forecast period figure (total costs out to 2028/29)

Annex 1: Budget 2025 Cost Pressures and New Spending Template

Section 1: Overview

Section 1A: Basic initiative information										
Initiative title (max 120 characters)	Pharmac - Increasing consumer and engagement activity									
Lead Minister	Hon David Seymour	Agency	Pharmac							
Initiative description (max 800 characters)	<p>The description must succinctly outline in plain language what is being purchased and delivered by the initiative to continue an existing programme or service or deliver a new programme or service. For example, "This initiative provides funding for 5 policy and delivery FTEs to continue delivering an existing service that is facing price and volume pressures. Refer to Annex A of the Budget 2025 Guidance for best practice on descriptions.</p> <p>This initiative supports Pharmac's to increase its consumer and engagement related activities across its assessment and decision-making activities. This will involve funding for 8 FTEs to establish a new dedicated consumer relationship team - and provide associated digital solutions to enable increased patient voice and input across Pharmac's work.</p>									
Priority Area (PA) Objective	<input checked="" type="checkbox"/> New Spending Commitments		<input type="checkbox"/> Capital Investments							
	<input type="checkbox"/> Cost Pressures		<input type="checkbox"/> Capital Cost Escalation							
	<input type="checkbox"/> Performance Plan Scrutiny									
Is this a cross-Vote initiative?	No	If yes, indicate which other Votes are affected								
Does this require legislative change?		Y/N								
Agency contact	Name: Phone: Email:		Treasury contact (Vote Analyst)	Name: Phone: Email:						
Section 1B: Summary of funding profile										
Operating costs associated with initiative (\$m)										
2024/25	2025/26	2026/27	2027/28	2028/29 & outyears*	Total					
-	2.000	2.000	2.000	2.000	8.000					
*For irregular outyears, add additional rows above to display the full profile of the initiative. Delete "& outyears" for time-limited funding. See the Budget 2025 Uploading Initiatives to CFISnet for more information on entering outyears into CFISnet.										
Capital costs associated with initiative (\$m)										
24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	31/32	33/34*	Total
[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
*Extend the profile above if funding is needed beyond 2033/34.										

Section 2: Alignment and options analysis

New Spending Commitments and Capital Investments: **Section 2B and 2C**

Section 2B: Problem definition – New Spending

The answer to each question must not exceed 1-2 paragraphs

What is the problem that this initiative is trying to solve and why does it need to be solved now?

Describe the problem the initiative is trying to solve by outlining its root cause(s) and consequence(s), and explain why the problem needs to be solved now. The problem should be framed in terms of current and/or future outcome(s) for New Zealanders.

Following the Pharmac Review (2022), Ministerial Expectations (Letter of Expectations for 2024/25), and extensive feedback from consumer groups, there is a prominent and increasing expectation to have consumer and lived experience voices further heard, and embedded into Pharmac's assessment and decision-making processes. Pharmac is currently not sufficiently resourced to meet these expectations, which has the potential to erode public trust and confidence and not meet desired expectations of Ministers and consumers.

Describe the existing arrangements for the asset or service, including (where applicable):

- How services are currently organised and provided;
- The associated throughput, turnover, and existing cost; and
- Current asset or service availability, utilisation, and condition.

Agencies should be able to demonstrate why the existing arrangements (if there are any) are insufficient to address the problem outlined above.

Current assessment and decision-making processes do not sufficiently factor in consumer and lived experience voices. While Pharmac has some consumer representation on its expert advisory committees and undertakes a range of other consumer focussed activities, we know from international experience that dedicated resources and systems are needed to facilitate proactive engagement with stakeholders/consumers and stronger integration with process and decision-making.

Outline specifically what needs to change or be improved (relative to existing arrangements) to address the problem.

The initiative provides new resources to enable:

- establishment of a new dedicated consumer focussed relationship-based team (6 FTEs) to proactively lead engagement practices with dedicated consumer/patient groups and bring their voices into Pharmac's assessment and decision-making processes
- digital solutions/tools and support to gather consumer lived-experience insights with collation, analysis and reporting of data (2 FTEs and corporate overhead, including digital solution/tools and associated software licensing).

What is the rationale for central Government intervention and how does the initiative/investment proposal fit with the Agency's mandate, and is the Agency the best one to deliver this intervention?

Is another organisation (e.g., NGOs, iwi/Māori organisations, private sector) better placed to deliver this initiative, and are there alternative funding arrangements that should be considered?

What are the implications of this initiative for the operational/service delivery aspects of the agency?

The initiative is consistent with Government expectations of Pharmac to have "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 process. This should also include the involvement of patient groups" (2024/25 Letter of Expectations)

Pharmac is currently legislated (via the Pae Ora Healthy Futures Act) to undertake

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	<p>assessment and decision-making independently from Government, Ministers, and health sector agencies. There is minimal impact to the health sector.</p>			
	<p>What key partners/stakeholders/customers (including other relevant Agencies, and iwi and Māori) have been engaged to understand the problem and develop the initiative? How have you worked with them and how has their input affected the understanding of the problem? You may wish to reference here the <u>key principles of He Ara Waiora</u>. What was the rationale for the level of engagement and are there any risks arising from this?</p> <p>The 2022 Pharmac Review extensively engaged with individuals, patient advocacy groups, clinicians, suppliers and the wider health sector. The review and Government response noted that Pharmac needed to improve its efforts to include consumer advice and lived experience in many aspects of its work and decision-making including for people with rare disorders.</p> <p>The code of expectations for health entities' engagement with consumers and whānau (the code) sets the expectations for how health entities must work with consumers, whānau and communities in the planning, design, delivery and evaluation of health services. This code is required by the Pae Ora (Healthy Futures) Act 2022 and is underpinned by the health sector principles. Pharmac must act in accordance with the code and there are areas where improvements are required.</p>			
Alignment to Government Priorities (if alignment to multiple Priorities is possible, select the most relevant)	<input type="checkbox"/>	Addressing the rising cost of living	<input type="checkbox"/>	Delivering effective and fiscally sustainable public services
	<input type="checkbox"/>	Building for growth and enabling private enterprise	<input type="checkbox"/>	Not Aligned
	<p>How would this initiative deliver on the Government's priorities? Are there linkages or dependencies with other priorities?</p> <p>The activity is consistent with:</p> <ul style="list-style-type: none"> Government priorities to ("to deliver effective and fiscally sustainable services"). Government Policy Statement for Health objectives ("achieving longer life expectancy and improved quality of life for all New Zealanders"); and Code of Expectations for health entity engagement with consumers and whānau. 			
Does this initiative relate to one of the Government's focus areas for Budget 2025?	<input type="checkbox"/>	Economic Growth (invitation only)	<input checked="" type="checkbox"/>	Not Applicable
Section 2C: Options analysis				
The answer to each question must not exceed 1-2 paragraphs				
What was the range of options considered?	<p>Briefly summarise other options considered (including non-funding options), and describe whether and how each shortlisted option would affect the service or asset would achieve the initiative's intended outcome under existing policy settings.</p> <p>For cost pressures, please indicate whether delivery via a another organisation (e.g., NGOs, iwi/Māori organisations, private sector), or other alternate funding arrangements or policy changes were considered.</p> <p>Pharmac does not have existing capacity to undertake increased consumer engagement activity. However, if a scaled option was to be considered the number of FTEs for both the dedicated consumer-based team and the digital solutions/tools and support to gather consumer lived-experience insights could be reduced. The proposed bid could be reduced to \$1.5 million per annum.</p>			

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<p>What was the process used to select the preferred option?</p>	<p><i>This section should detail the framework and process for determining the preferred option. Describe:</i></p> <ul style="list-style-type: none"> - Analyses, methodologies and/or frameworks that were used to evaluate other options – you may wish to attach any further options analysis, cost benefit analysis, and/or climate impacts analysis, and set out any He Ara Waiora and/or Living Standards Framework considerations. - How engagement/consultation with partners/stakeholders/customers (including iwi and Māori) informed the identification and quantification of costs and benefits. If you have not engaged, please identify why you have not done so. - What sensitivity analysis was undertaken and how did it influence the choice of preferred option? - If a Detailed Business Case has not been provided for a capital investment, explain why not, and describe the proposed investment pathway to undertake options analysis. <p><i>The preferred option is sourced directly from Government expectations, recommendations from the 2022 Government review of Pharmac, Valuing Life Summit in April 2024, Pharmac's Engagement Strategy and feedback provided via recent independently held consumer engagement workshops that Pharmac held in November 2024.</i></p>
<p>Interaction with savings proposals</p>	<p><i>Please describe any interdependencies or interactions with savings proposals submitted through Budget 2025.</i></p> <ul style="list-style-type: none"> - Does the continued delivery of this activity in its current form hinge on the continuation of a function proposed as a savings measure? - Does the delivery of the new activity depend on the continuation of a function or workforce proposed as a savings measure? <p><i>If relevant, please indicate the relevant savings initiative.</i></p> <p><i>The preferred option reflects a new spending initiative and there are no dependencies and/or interactions with other savings proposals.</i></p>

Section 3: Costs and Benefits Analysis

All initiatives need to complete section 3A and 3B.

All initiatives except those submitted by:

- **agencies provided with an envelope, or**
- **economic growth initiatives that are asked to provide a fiscally neutral option**

are required to complete section 3C.

Section 3A: Benefits and non-fiscal costs

The answer to each question must not exceed 1-2 paragraphs.

<p>What outcome(s) would the initiative achieve?</p>	<p><i>What are the identifiable and measurable social, economic and/or environmental benefits and costs associated with this initiative? Describe how the expected benefits will be realised.</i></p> <p><i>Are there specific populations that this initiative is intended to serve?</i></p> <p><i>What is the specific impact or difference that funding this initiative will achieve? How likely is it that these outcomes will be achieved? What are the risks to this not being achieved?</i></p> <p><i>What are the risks associated with this initiative (e.g. non-fiscal costs/potential unintended consequences) and how will these be avoided or mitigated)?</i></p> <p><i>The initiative, by better involving and integrating the voice of consumers across Pharmac's work will enhance Pharmac's assessment and decision-making (and ultimately improved health outcomes for patients).</i></p> <p><i>Measurable benefits would include increased consumer inputs into the Pharmac assessment and decision-making processes, increased transparency and improved public understanding of Pharmac's work. We would also hope to see improvements in the annual public sector reputation index score for Pharmac.</i></p>
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How will these outcomes be measured and evaluated?	<p>What does success of this initiative look like? What is the evaluation plan to measure the success of this initiative?</p> <p>Pharmac currently uses some stakeholder surveys and media sentiment analysis to measure public satisfaction. A range of additional tools (such as dedicated surveys) will also be considered to better measure stakeholder participation and satisfaction.</p>			
Evidence and assumptions	<p>Provide key evidence (data/other information) and key assumptions to support the existence and timeframes of the identified benefits, including any gaps or uncertainties, including with the quality of evidence.</p> <p>For new spending proposals with a cost of \$100 million or more over the forecast period or if so directed, you must demonstrate value for money by a modelled cost benefit analysis (CBA). Except where an exception and alternative analysis has been agreed with your Treasury vote team, this should be monetised through the Treasury's CBAX model.</p> <p>For new spending proposals with a cost of less than \$100 million over the forecast period, you must identify impacts (costs and benefits) and to the extent feasible quantify and monetise these impacts. Again, monetisation should be implemented through the CBAX model.</p> <p>All new spending proposals should include:</p> <ul style="list-style-type: none"> - intervention logic. That is, how does the proposal lead to the costs and intended benefits? - whether benefits exceed costs (whether monetised or not). <p>Pharmac has drawn from international experience where Health Technology Assessment agencies have utilised dedicated engagement FTE resources and digital feedback systems to improve consumer input into assessment and decision-making processes.</p> <p>It is anticipated benefits will far exceed costs with the assumption that assessment and decision-making will be improved by increased input from consumers with lived experience of conditions and medicines.</p>			
Climate impact	<table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 10px;"> <tr> <td style="width: 33%; text-align: center; padding: 5px;"> <input type="checkbox"/> Yes – emissions impacts (positive or negative) </td><td style="width: 33%; text-align: center; padding: 5px;"> <input type="checkbox"/> Yes – climate adaptation or resilience impacts (positive or negative) </td><td style="width: 33%; text-align: center; padding: 5px;"> <input checked="" type="checkbox"/> No impact </td></tr> </table> <p>Possible climate impacts (positive and negative) should be considered for all initiatives, not only those linked to climate objectives. In particular, this should describe:</p> <ul style="list-style-type: none"> - the impact the initiative could have on our ability to achieve our emissions budgets and targets, - where possible, include a Climate Implications of Policy Assessment (CIPA) or, for those initiatives that do not meet the CIPA threshold outlined in CO (20) 3, quantification aligned with CIPA guidance, and/or - how the initiative is expected to help mitigate or adapt to the physical impacts of climate change (e.g. storms, floods). For investments, indicate if these may be exposed to physical climate impacts (now or in the future) and how any significant impacts will be mitigated. <p>No impact to climate.</p>	<input type="checkbox"/> Yes – emissions impacts (positive or negative)	<input type="checkbox"/> Yes – climate adaptation or resilience impacts (positive or negative)	<input checked="" type="checkbox"/> No impact
<input type="checkbox"/> Yes – emissions impacts (positive or negative)	<input type="checkbox"/> Yes – climate adaptation or resilience impacts (positive or negative)	<input checked="" type="checkbox"/> No impact		
Section 3B: Expenditure profile and cost breakdown				
The answer to each question must not exceed 1-2 paragraphs.				
Formula and assumptions underlying costings	<p>What assumptions have been used to prepare the costings for this initiative? E.g. for new FTE, salary assumptions, role/seniority, associated overheads. See the Budget 2025 Guidance for common assumptions.</p> <p>If there is an inflation assumption, state the percentage here. Inflation adjustments should be entered as their own line(s) and specific to particular inputs in the expenditure profile template below. If there is a singular inflation adjustment line being entered, it should reflect the aggregate cost increase for all inputs (excluding demand changes), and not additional to increased costs for inputs.</p>			

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Inflation adjustments should only apply to the 2025/26 year, flatlining into future years, unless a different approach has been agreed with your Vote Analyst.

For initiatives with personnel expenditure, please refer to and adhere to the guidance in the Budget 2025 Guidance. If your approach differs, please contact your Vote Analyst and the Public Service Commission (if relevant to bargaining or remuneration).

The increase in consumer-based activity has been costed based on the following two areas of investment:

Consumer Relationship Management: Establishment of a new dedicated consumer relationship team who would be the conduit between consumers/patient advocacy groups and Pharmac. The team would proactively manage relationships with consumer groups through regular meetings, undertaking proactive engagement activities and connecting/involving consumers to Pharmac's assessment and decision-making processes.
Cost: (6 FTE)

Digital Solution and Support:
The establishment and management of a digital solution and tools to gather consumer lived-experience insight with collation, analysis and reporting of data.
Cost: (2 FTE, corporate overhead – including digital solution/software licensing).

Provide any formula that has been used to support the calculation of the costings. Alternatively, a spreadsheet of the costing that demonstrates the formula used to calculate the costing can be attached.

Provide a breakdown of existing and additional funding sought by individual expense category and agency. Add additional rows as appropriate for additional expense categories.

Operating expenses (\$m)

Existing operating funding (\$m)

Operating expense category	2024/25	2025/26	2026/27	2027/28	2028/29 & outyears	Total
[Type of funding currently allocated or set aside in contingency. E.g. current baseline funding allocated.] – [Agency / Crown Entity etc.]	[•]	[•]	[•]	[•]	[•]	[•]

Operating costs associated with initiative (\$m)

Operating expense category	2024/25	2025/26	2026/27	2027/28	2028/29 & outyears	Total
National Management of Pharmaceuticals (operating)	-	2.000	2.000	2.000	2.000	8.000
Inflation adjustment for [insert input] – [Agency / Crown Entity etc.]	[•]	[•]	[•]	[•]	[•]	[•]
Depreciation and/or capital charge (if relevant) – [Agency / Crown Entity etc.]	[•]	[•]	[•]	[•]	[•]	[•]

Personnel expenditure (\$m) – please state impact at the initiative level

Net FTE funding	[•]	1.250	1.250	1.250	1.250	6.000
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Net contractor/consultant funding	[•]	[•]	[•]	[•]	[•]	[•]
Net FTE and contractor/consultant overhead funding	[•]	0.750	0.750	0.750	0.750	2.000
Total operating expenses (\$m)	[•]	2.000	2.000	2.000	2.000	8.000

*Extend the profile above to a "steady state" if funding into outyears is irregular. Delete "& outyears" for time-limited funding.

FTE implications – please state impact at the agency level

	2024/25	2025/26	2026/27	2027/28	2028/29 & outyears
Total # of net FTEs at [Agency / Crown Entity / etc.] (employees)	[•]	8 FTEs	8 FTEs	8 FTEs	8 FTEs
Total # of net FTEs at [Agency / Crown Entity / etc.] (contractors/consultants)	[•]	[•]	[•]	[•]	[•]
Total # of net FTEs (employees and contractors/consultant) over the forecast period	[•]	8 FTEs	8 FTEs	8 FTEs	8 FTEs

Additional occupation breakdown of FTE changes (count) over the forecast period

Occupation	2024/25	2025/26	2026/27	2027/28	2028/29 & outyears
Managers	[•]	[•]	[•]	[•]	[•]
Policy Analyst	[•]	[•]	[•]	[•]	[•]
Information Professionals	[•]	[•]	[•]	[•]	[•]
Social, Health and Education Workers	[•]	[•]	[•]	[•]	[•]
ICT Professionals and Technicians	[•]	[•]	[•]	[•]	[•]
Legal, HR and Finance Professionals	[•]	[•]	[•]	[•]	[•]
Other Professionals not included elsewhere	[•]	8 FTEs	8 FTEs	8 FTEs	8 FTEs
Inspectors and Regulatory Officers	[•]	[•]	[•]	[•]	[•]
Contact Centre Workers	[•]	[•]	[•]	[•]	[•]
Clerical and Administrative Workers	[•]	[•]	[•]	[•]	[•]
Other Occupations	[•]	[•]	[•]	[•]	[•]
Would funding this initiative impact current employees?	No				

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Existing capital funding (\$m)											
Capital expense category	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34*	Total
[Type of funding currently allocated or set aside in contingency. E.g. current baseline funding allocated.] - [Agency / Crown Entity etc.]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
Capital costs associated with initiative (\$m)											
Capital expense category	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34*	Total
[Name of capital expense category] - [Agency / Crown Entity etc.]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
[Name/type of contingency] - [Agency / Crown Entity etc.]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
Total (\$m)	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
*Extend the profile above if funding is needed beyond 2033/34.											
Section 3C: Scaled and/or Reprioritisation Options to meet 75%, 50% and 25%											
Operating expenses (\$m)											
Operating expenses and reprioritisation (\$m)	2024/25	2025/26	2026/27	2027/28	2028/29 & outyears	Total					
[Total cost of full or scaled option]	[•]	[•]	[•]	[•]	[•]	[•]					
[Reprioritisation Option – please state the corresponding initiative ID and Title]	[•]	[•]	[•]	[•]	[•]	[•]					
Net Total (\$m) – 75%	[•]	[•]	[•]	[•]	[•]	[•]					
[Total cost of full or scaled option]	[•]	[•]	[•]	[•]	[•]	[•]					
[Reprioritisation Option – please state the corresponding initiative ID and Title]	[•]	[•]	[•]	[•]	[•]	[•]					
Net Total (\$m) – 50%	[•]	[•]	[•]	[•]	[•]	[•]					
[Total cost of full or scaled option]	[•]	[•]	[•]	[•]	[•]	[•]					
[Reprioritisation Option – please state the corresponding initiative ID and Title]	[•]	[•]	[•]	[•]	[•]	[•]					
Net Total (\$m) – 25%	[•]	[•]	[•]	[•]	[•]	[•]					

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Capital expenses (\$m)											
Capital expense category	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34 *	Total
[Name of capital expense category]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
[Name of capital expense category]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
[Name/type of contingency]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
Total (\$m)	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
*Extend the profile above if funding is needed beyond 2032/33.											

Scaling of initiative

What are the expense categories being scaled to achieve the scaled options described above?

Detail:

- The main expense category being changed and the impact on the initiative's output.
- Any significant changes to workforce implications of the initiative (both numbers and the occupational roles)

Pharmac does not have existing capacity to undertake increased consumer engagement activity. However, if a scaled option was to be considered the number of FTEs for both the dedicated consumer-based team and the digital solutions/tools and support to gather consumer lived-experience insights could be reduced. The proposed bid could be reduced to \$1.5 million per annum.

What are the main risks of the options presented above?

What are the implications of the proposed scaled/reprioritisation options proposed above.

Including potential implications if the initiative was funded through reprioritisation only. Detail:

- Any risks or impacts if the affected reprioritisation activity is stopped, deferred or rescope
- Any trade-offs required (e.g., changing policy settings for existing arrangements, choosing to reduce either output or quality of an existing service), including reprioritising existing funding.
- Any flow-on implications this may have (e.g., impacts on service delivery, failure to meet legislative or contractual obligations, future cost pressures).

Any risks to the effectiveness and resilience of regulatory systems (e.g., risks of regulatory failures)?

Main risks is that the level of activity to boost consumer-related activity would be less than could be achieved with the full funding requested.

Section 4: Delivery

There are **specific sections to complete based on the PA Objective** of the Initiative (feel free to delete non-relevant sections of the template):

- Cost Pressures, Capital Cost Escalations and Performance Plan Scrutiny: **Section 4A and 4D**
- New Spending Commitments and Capital Investments: **All sections**

Section 4A: Procurement

The answer to each question must not exceed 1-2 paragraphs.

<p>What is the initiative purchasing/funding?</p>	<p>Describe the key resources (workforce, goods, assets, and services) that need to be sourced, including any ancillary services, and how sourcing these resources will address the cost pressure or deliver the initiative. The answer should align with the initiative description and the problem definition in Section 1A and Section 2A (for cost pressures) /2B (for new spending) respectively. Please also describe any significant changes to the key resources because of scaling/reprioritisation options presented in Section 4. Attach the Procurement Plan for the initiative (if there is one).</p> <p>The Investment provides for the purchase of new resources to enable:</p> <ul style="list-style-type: none"> • dedicated relationship-based resources (6 FTEs) to proactively lead engagement practices with dedicated consumer/patient groups and bring their voices into Pharmac's processes and decision-making. • The establishment and management of a dedicated digital system/process to gather consumer lived-experience insight with collation, analysis and reporting of data (2 FTEs, corporate overhead – including digital solution/software licensing)
<p>What market constraints or other delivery risks exist?</p>	<p>Briefly describe key market constraints/conditions (including capacity and capability), dependencies or other delivery risks that may prevent delivering the outcome sought, and whether there are any possible mitigations.</p> <p>Describe the likelihood of additional funding being needed in the future, with reference to the original cost pressure drivers and any anticipated timeframes for when future pressure will materialise.</p> <p>Nil</p>
<p>Government Procurement Rules</p>	<p>How does the proposed procurement approach align with Government Procurements, Principles, Rules and related guidance?</p> <p>Not applicable.</p>

Section 4B: Risks, constraints, and dependencies

The answer to each question must not exceed 1-2 paragraphs

<p>What are the main risks?</p>	<p>Describe the main risks associated with this initiative and the proposed mitigations to address these. What are the potential and likely consequences of risks being realised? Focus on the 20% of risks which are likely to provide 80% of the initiative's risk values. Attach the risk register for the initiative (if there is one).</p> <p>You should state whether the initiative will have any revenue implications for your agencies, for other agencies, or for the crown.</p> <p>The main risks are:</p> <ul style="list-style-type: none"> • Managing expectations and ensuring fairness and equality applied to all contributing voices (mitigated through planned engagement practices) • Building a coordinated approach and overall capability for engagement (through our engagement strategy).
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BUDGET-SENSITIVE

What are the key constraints?	Describe any key constraints that have been and/or could be placed on the initiative. The abilities of consumers/patient advocacy groups to engage with Pharmac and meeting their expectations.
What are the key dependencies?	Describe any key dependencies that are outside the scope of the initiative and may determine the initiative's success. Nil

Section 4C: Governance and oversight

The answer to each question must not exceed 1-2 paragraphs.

What are the governance arrangements for this initiative?	What is the proposed governance structure and the membership composition, including decision making and any advisory groups? Describe the accountability for delivery. It is optional to attach the Governance Diagram showing the governance structure. Pharmac will utilise existing Ministerial oversight and Crown Monitoring arrangements. Explain how the proposed governance structure provides for input from partners/stakeholders/customers, including iwi and Māori? Input from stakeholders, including Māori, will occur via oversight/input from the Pharmac Board, Consumer Advisory Committee, and External Advisory Groups.
Timeframes and monitoring	Outline key milestones and the expected timeframe for the delivery of these milestones. When will the lead Minister(s) receive information on implementation and delivery of this initiative? Pharmac will report key milestones quarterly to the Minister and Ministry of Health.

Section 4D: Demonstrating performance

The answer to each question must not exceed 1-2 paragraphs.

Is it part of an existing strategy / work programme / initiative with existing reporting, and if so what is it called and how is it monitored?
Outline the type (or types) of evaluation planned and their timeframe(s). Indicate what funding is proposed to be allocated for evaluation.
Indicate if the evaluation requires data/information to be produced or made available that is not included as part of this investment and would therefore need to be provided by other investment(s).
Describe the performance information that would be included in the Estimates if this initiative was funded, or if the performance information in the Estimates is not expected to change then describe the reasons for that decision.

The initiative forms a part of Pharmac's "Assessment and Decision-making" strategic priority – and will be regularly detailed and reported against in Pharmac's statutory reports.

Section 5: Equity

All initiatives need to complete this section.

The answer to each question must not exceed 1-2 paragraphs.

Timing of costs and benefits	Indicate if the costs and benefits associated with this cost pressure or new spending initiative will accrue over the short term (<5 years), medium term (5-10 years), long term (>10 years) or inter-generationally. Indicate whether, and why, benefits and costs vary across different timeframes and the length of impact. The benefits of engagement will build over time and enable diverse and strengthened voices to be integrated with Pharmac's assessment and decision-making.
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BUDGET-SENSITIVE

Treaty of Waitangi (Te Tiriti o Waitangi) Obligations	Y/N	<p>Are there any Treaty-related implications or legislative risks in relation to Treaty settlements, including Treaty settlement commitments relevant to your Agency? Describe any specific implications and outline how these implications can be mitigated. Guidance on applying the Treaty to policy work can be found here and here.</p> <p>The initiative aligns with intentions and objectives of the Pae Ora (Healthy Futures) Act.</p> <p>Are there any opportunities in relation to conducting the Government's obligations under the Treaty of Waitangi? Describe any specific opportunities and outline how these arise. Guidance on applying the Treaty to policy work can be found here and here.</p> <p>The initiative aligns with intentions and objectives of the Pae Ora (Healthy Futures) Act.</p>		
Specific implications regarding human rights	Y/N	<p>If you have indicated Yes, describe any specific implications that this initiative has for consistency with domestic human rights legislation and New Zealand's international human rights obligations. Guidance on how to consider human rights in policy, and more information about the core human rights treaties, can be found here and here.</p> <p>Economic, social and cultural rights (such as the rights to adequate housing, education, health, social security, and work) may be particularly relevant for initiatives. More information about these rights can be found here.</p> <p>There are no implications regarding human rights.</p>		
Does the initiative have a larger impact on any of the following groups of New Zealanders than on the population as a whole?	Māori	Yes - Positive <input checked="" type="checkbox"/>	Yes - Negative <input type="checkbox"/>	No impact <input type="checkbox"/>
	Pasifika	Yes - Positive <input checked="" type="checkbox"/>	Yes - Negative <input type="checkbox"/>	No impact <input type="checkbox"/>
	Other minority ethnic groups	Yes - Positive <input checked="" type="checkbox"/>	Yes - Negative <input type="checkbox"/>	No impact <input type="checkbox"/>
	Rural Populations	Yes - Positive <input checked="" type="checkbox"/>	Yes - Negative <input type="checkbox"/>	No impact <input type="checkbox"/>
	Seniors	Yes - Positive <input checked="" type="checkbox"/>	Yes - Negative <input type="checkbox"/>	No impact <input type="checkbox"/>
	Disabled Peoples	Yes - Positive <input checked="" type="checkbox"/>	Yes - Negative <input type="checkbox"/>	No impact <input type="checkbox"/>
	Women and girls	Yes - Positive <input checked="" type="checkbox"/>	Yes - Negative <input type="checkbox"/>	No impact <input type="checkbox"/>
	Low-income individuals / families	Yes - Positive <input checked="" type="checkbox"/>	Yes - Negative <input type="checkbox"/>	No impact <input type="checkbox"/>
	Children and Young People	Yes - Positive <input checked="" type="checkbox"/>	Yes - Negative <input type="checkbox"/>	No impact <input type="checkbox"/>
	Other groups (please specify)	Yes - Positive <input checked="" type="checkbox"/>	Yes - Negative <input type="checkbox"/>	No impact <input type="checkbox"/>
Distributional Impacts	<p>Please set out any impacts associated with the above question. Possible distributional impacts and the likelihood of it eventuating (positive and negative) should be considered for all initiatives. Where there are different or disproportionate impacts from this cost pressure or new spending initiative on different groups of people in New Zealand, please outline whether the impacts are direct or indirect, and whether these are intended e.g. from a more targeted policy, the original policy being targeted to this group, or an unintended consequence. If you have indicated that this initiative impacts other minority groups, please state the relevant group.</p> <p>The initiative, and associated additional engagement, is expected to have a positive impact on a wide range of patient groups. Pharmac would also look at any targeted activity that would seek engagement and input from high health needs populations.</p>			