

Appendix One:



Quarter One Performance Report July to September 2025

1. Introduction

- 1.1 The purpose of the quarterly report is to provide a summary of key achievements and progress made against Pharmac's strategic priorities and annual commitments, as documented in the 2025/26 Statement of Performance Expectations (SPE), during Quarter One - July to September 2025.
- 1.2 Appendices are also used to summarise medicines budget highlights, progress against the Letter of Expectations and progress against SPE performance measures.

2. Highlights Quarter One 2025/26

- 2.1. The Government announced changes to deliver a more integrated approach to the procurement of medical devices. This will see Health NZ (HNZ) and Pharmac each take responsibility for the procurement of medical devices that are most focused on their particular capabilities and expertise.
- 2.2. The Consumer and Patient Working Group that is supporting Pharmac's 12-month Reset Programme has been established with 90-day workplans underway. This enables us to work more closely with patients and consumers, providing useful input into where we are directing our improvement efforts.
- 2.3. Following consultation with the Ministry of Health (MOH) and the Minister, we have published an update on the progress made against all recommendations from the 2022 Pharmac Review. This is helping to provide transparency and clarity on progress.
- 2.4. Our monthly Consumer Forum where we engage with a wide range of consumer advocates and groups continues and is working well. These sessions provide an opportunity for consumer representatives to engage directly with the Chief Executive and Senior Leadership Team.
- 2.5. Multiple cross-agency working groups have been established to coordinate key initiatives, such as methylphenidate supply issues, childhood vaccine access and naloxone access.
- 2.6. From our existing medicines budget, we have widened access to 12 medicines that will benefit 211,000 patients in the first year.
- 2.7. Excellent progress has been made following 12 months of funding for people with type 1 diabetes. Following significant engagement with key stakeholders:
 - 2.7.1. we have now hit the five-year estimate for patient numbers - with 20,000 patients now having received Special Authority approvals for Continuous Glucose Monitors
 - 2.7.2. the number of people with type 1 diabetes with access to insulin pumps has increased by 50%, following the widening of access decision in October 2024.

- 2.8. Consultation has closed in the quarter for some key policy areas that will impact Pharmac's work (Implementation of 12-Month Prescriptions, Funding of Cancer Medicines in Private Facilities). We will continue to work with MOH on implementation and next steps.
- 2.9. Bargaining with PSA continues - some good progress was made at facilitation this quarter, and Pharmac continues to be committed to the bargaining process.
- 2.10. The work to migrate claims made by community pharmacies is in the final stages, with the Health Sector Agreements and Payments (HSAAP) Programme taking over these during early October. This will be the largest and most complex change, responsible for around \$1.7 billion in subsidy payments each year. Transfer of subsidy payments made to pharmaceutical suppliers (~\$10 million) who are involved in direct-to-patient distribution, is planned for early November.
- 2.11. Following analysis and consultation, Pharmac is amending its policy settings for rare disorders. This involves bringing Pharmac's definition of rare disorders into line with that in the Aotearoa New Zealand Rare Disorders Strategy 2024, including changing what counts as a rare disorder from 1 in 50,000 to 1 in 2,000. In practice, this means that more rare disorder medicine applications will be able to be assessed by Pharmac, without prior Medsafe approval (rather, approval from one comparable jurisdiction).
- 2.12. In September, Pharmac consulted on a multi-product proposal with Roche Products (NZ) Limited to fund treatments for multiple sclerosis, eye conditions, breast cancer and lung cancer from 1 December 2025. If approved, around 1,700 people would benefit from these treatments in the first year of funding, increasing to 4,000 people after five years.

3. Strategic Priorities - and work programme

- 3.1. The following sections describe progress made against the strategic priorities documented in the 2025/26 SPE. Our current strategy is built around improving the way we manage and invest in medicines and medical devices. Our 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.
 - **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 a number of 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 Two

4. Strategic Priority One: Enhanced Assessment & Decision-making

4.1. Horizon scanning

The discovery phase to explore what horizon scanning means for Pharmac is progressing well. This work aims to inform a future approach that aligns with strategic priorities, regulatory requirements and best practices nationally and internationally. Staff attended two key events jointly hosted by the Australian Government and Medicines Australia: the Medicines of Tomorrow Horizon Scanning Forum and PharmAus 2025.

Stakeholder engagement has included MOH (including Medsafe) and Health New Zealand.

Initial findings:

- 4.1.1. Horizon scanning within Pharmac has historically relied on informal methods.
- 4.1.2. No single point of entry or established pathway currently exists.
- 4.1.3. Stakeholder feedback confirms the need for a coordinated national health system.
- 4.1.4. Diverse stakeholder interests may lead to conflicting priorities or expectations.
- 4.1.5. New Zealand currently lacks a formal, coordinated system that links agencies involved in horizon scanning for medicines and medical technologies.

Next steps:

- 4.1.6. Complete internal and external consultation.
- 4.1.7. Meet with international experts.
- 4.1.8. Present discovery paper to SLT with high-level recommendations for a future approach. Agree pathway for engagement with wider health sector.

4.2. Assessment & Decision-making

4.2.1. *Expert Advice*

A summary of expert advice meeting agendas has been published for the Pharmacology and Therapeutics Advisory Committee (PTAC and two Cancer Treatments Advisory Committee (CTAC meetings)). Meeting schedules have been shared for upcoming 2025 CTAC meetings.

A trial of publishing advisory committee provisional recommendations within 30 days is underway. Recommendations have been published for five meetings this quarter. All five provisional recommendations were published within the 30-day limit.

We are continuing to trial new ways to seek consumer and patient lived experience into expert advice processes. The June 2025 Rare Disorders Advisory meeting record (draft), reflects these contributions. The August 2025 PTAC meeting extended this approach for several agenda items.

4.2.2. Speeding Up and Simplifying

A number of activities are underway to improve timeliness in decision making.

Efficiency

- Combining committees/members for shared topics (eg RSV vaccines).
- Cancer applications are the largest group - 30% of pending advice. The Cancer Treatment Advisory Committee (CTAC) is meeting more often and grouping topics by cancer type. CTAC lacks capacity so membership is being expanded and meeting formats are being revised.

Transparency and Engagement

- Meeting schedules and agendas are confirmed and shared online earlier, to enable public input.
- Clinical networks and other interest groups are starting to help inform agenda priorities and plan future needs.
- We are testing invited expert participation at advice meetings.

4.2.3. Societal Impacts progress

Pharmac has received further societal impact assessments for selected treatments from the Institute for Medical Technology Assessment at Erasmus University in the Netherlands. This work is helping us to strengthen our assessment practices and is an input to options we are developing for Budget 2026. Pharmac is also working alongside other agencies, such as the Ministry of Social Development and Social Investment Agency, to build a stronger evidence base of the impacts and benefits of medicines funding, across the wider community.

Budget 2026 work is well underway, and staff have prepared a set of options for the Minister to consider. Pharmac is working alongside the Ministry of Health to progress this work - and we anticipate that the Minister of Finance will invite Budget bids in quarter two.

4.2.4. Backlog of applications awaiting assessment

The current backlog of applications yet to be considered, is now at 232. This represents a 7% reduction since the previous quarter.

New staff appointments are helping to reduce the backlog. We have a target in 2025/26 to reduce the backlog to 150 proposals or less.

We also report on the time it takes from the receipt of proposals to the time they are funded. As we clear up the backlog, we can expect the average to continue to increase. The five-year average is a more accurate view of performance.

Other improvement actions underway are:

- a rapid assessment process is being incorporated into business as usual for proposals that qualify
- recruitment underway for more staff in our expert advisory team
- we have initiated process improvement work – to break down the process steps, to better understand the timelines associated with each and to initiate targeted quick win improvements to improve timeliness.

4.2.5. Upcoming consultation

Consultation is underway on proposed changes to bring greater transparency and clarity to how medicine funding applications are managed on the Options for Investment (OFI) list. The approach would allow Pharmac to decline applications that have remained in the lowest-ranked group for more than two years - helping people better understand which medicines are unlikely to be funded and why. Consultation closes on 17 November 2025.

5. Strategic priority two - Strategic Management of Medicines

5.1. Medicines funding

5.1.1. Budget Uplift

Throughout the uplift we have engaged closely with sector stakeholders to help ensure successful implementation. We continue this as needed for new investments after the budget uplift. The number of new investments will be substantially fewer this financial year.

5.1.2. Recent medicines budget transactions of note

- Proposal to fund medicines for multiple sclerosis, eye conditions, breast cancer and lung cancer.

In September, Pharmac consulted on a multi-product proposal with Roche Products (NZ) Limited to fund treatments for multiple sclerosis, eye conditions, breast cancer and lung cancer from 1 December 2025. If approved, approximately 1,700 people would benefit from these treatments in the first year of funding, increasing to 4,000 people after five years. We also expect this proposal could reduce demand on hospital infusion services.

The proposal is estimated to save around 7,500 infusion hours in the first year, increasing to a saving of 12,800 hours in the fifth year. Further efficiencies are also expected for the health sector, as faricimab, one of the medicines in the proposal used to treat specific eye conditions, may be given less often than current treatment for some people.

Consultation has closed and we are currently considering the feedback. A decision will be sought from the Pharmac Board in early November.

- Proposal to fund a new brand of methylphenidate

To address the ongoing need for additional methylphenidate due to global supply issues and to support the widening of prescriber types for these medications from 1 February 2026, Pharmac have consulted on the listing of another brand of methylphenidate modified-release, methylphenidate Sandoz XR. If approved, it would be funded from 1 December 2025, for people with attention deficit hyperactivity disorder (ADHD) and narcolepsy. It is a generic version of the already funded brand of extended-release methylphenidate, Concerta.

Consultation has closed and we are currently considering the feedback.

5.1.3. People with Type 1 Diabetes (12 Month Progress)

Excellent progress has been made following 12 months of expanded funding for people with type 1 diabetes. Following rapid uptake, we have now hit the five-year estimate for patient numbers - with 20,000 patients now having received Special Authority approvals for Continuous Glucose Monitors. The number of people with type 1 diabetes with access to insulin pumps has also increased by 50%, following the widening of access decision in October 2024.

The pleasing results and rapid uptake, follow a significant period of positive engagement with key stakeholders.

5.1.4. Implementation of 12-Month Prescriptions

The Government has announced its intention to allow prescriptions to be written for 12 months at a time from early 2026. Implementing this decision requires several steps to be taken by Pharmac, HNZ and MOH, over the coming months.

Pharmac have recently undertaken consultation with stakeholders on the Pharmaceutical Schedule changes that need to be made, to support longer prescriptions.

Consultation closed in late July and we received over 90 responses to consultation. We are now considering the feedback received and expect to make and notify a final decision in October 2025.

5.1.5. Funding of Cancer Medicines in Private Facilities

Following public consultation and feedback received, staff recently confirmed with stakeholders that Pharmac will take a revised approach to enabling transitional access to newly funded cancer medicines. Rather than using existing funding arrangements through public hospitals, Pharmac will directly reimburse private facilities. Pharmac are currently working to develop terms for payment and information sharing with the private facilities, in preparation for potential future funding decisions. Pharmac will continue to engage with MOH to support wider access to publicly funded cancer medicines.

5.1.6. Updating commercial approaches

Following the July 2025 update to the Board, Pharmac staff have spoken with several international agencies to explore alternative commercial approaches that could be used when funding high-cost emerging therapies. International funders have had mixed success implementing commercial strategies that Pharmac has not had experience of using and are experiencing many of the same challenges. Staff are investigating the feasibility of several alternative commercial strategies through planned 'pilot' cases. It remains uncertain whether these strategies will facilitate funding for emerging treatments, or whether the planned cases would be financially viable. An update is planned for the Board at their 9 December meeting.

6. Strategic Priority Three: Strategic Management of Medical Devices

6.1. Medical devices

The Government announced changes to the management of medical devices, moving to reduce costs, duplication and confusion in the procurement of medical devices in New Zealand. Pharmac will generally be the lead agency for devices that have a direct therapeutic impact on patients and that need a higher level of clinical input (eg orthopaedic implants).

Health NZ (HNZ) will generally be the lead agency for devices that are less therapeutically intensive and require integration with infrastructure, eg beds, imaging and diagnostics.

A cross-agency oversight group has been formed, consisting of Ministry of Health, Pharmac and HNZ representatives. This group is overseeing implementation, monitoring performance and aligning procurement with system priorities.

Pharmac have initiated an RFP process for market share for drug eluting stents and establishing advisory processes to support further activity in cardiology and interventional radiology.

Work has been initiated to support transition of non-lead categories to HNZ. Pharmac are also building a report using HNZ data to improve expenditure monitoring for medical devices in progress.

Pharmac are developing a streamlined approach for health technology assessment (HTA) that is integrated and coordinated with HNZ. The process aims to increase transparency of investments in new medical device technologies, drive value and support efficient listing and delisting processes. We are in discussions with HNZ on a HTA Service Level Agreement and will have this finalised next quarter.

Pharmac’s new medical devices innovation form is live on the website.¹ The form will help to:

- Build a clearer picture of new and emerging innovations.
- Support effective category planning.
- Inform the development of future submission processes.
- Help shape a smarter, more responsive future for hospital medical devices.

7. Organisational Excellence

7.1. Reset programme

A five-year improvement programme is an organisational priority. It will occur in two phases, beginning with a 12-month reset to deliver tangible change and establish foundational improvements. The Reset Programme is structured around three key workstreams:

- A new strategic vision.
- Enhancing consumer engagement and trust.
- Improving internal processes.

The first 90-day action plan (July - September 2025) has been implemented - five actions have been completed. One is in progress and two have been deferred to future 90-day action plans. Monthly progress reporting is provided to the Governance Group and published on the Pharmac website.

Action	Progress
Establish consumer working group	Completed
Build a consumer network database	Completed
Strengthen consumer relationships	In progress

¹ Available at: <https://www.pharmac.govt.nz/hospital-devices/devices-list>

Action	Progress
Pharmac Review recommendation update	Completed
Engagement on Budget bid and publishing previous bid	Completed
Pae Ora legislation amendment advice	Completed
Joined up communications planning	Deferred
Clinical meeting recommendations	Deferred

The second 90-day plan (October - December 2025) has been developed, in partnership with the Consumer and Patient Working Group. There are five actions:

- I. Communications approach.
- II. Consultation process.
- III. Embedding lived experience in clinical meetings.
- IV. Scoping future improvements to the medicines funding application process.
- V. Pharmac's new vision and strategy.

The Consumer and Patient Working Group is meeting fortnightly to progress actions from the 90-day plan. Minutes from each meeting are published on the Pharmac website.

7.2. Consumer relations team

Pharmac is progressing the establishment of a new centralised consumer relations team to 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. Recruitment is underway with the full team expected to be established by January 2026.

7.3. 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.

	<ul style="list-style-type: none"> • An engagement register application is in development to support the Reset Programme and consumer relations. • 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 underway with the successful establishment of the Consumer and Patient working group. • An external engagement team has been established. • The CAC continues to input on our engagement work regularly. • A monthly Consumer Forum has 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.
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 is being developed. • 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, childhood vaccine access and naloxone access. • Pharmac's Engagement Strategy was recently presented as a best-practice organisation-wide strategy to over 70 engagement specialists across government.

7.4. 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:

7.4.1. *Redevelopment of Pharmaceutical Schedule*

Discovery and design phase is underway. Solutions architecture is drafted and identification of high-level requirements is complete. Detailed planning, costings and design are the next phase of work. The business change activities with the sector,

clinicians, pharmacists and the wider audience will begin following approval of the design.

7.4.2. Development of funding entitlements system

Responsibility for the development of the funding entitlements system is with Health New Zealand currently and Pharmac will receive an update in October. Pharmac is working with HNZ on the preparation of their proposal to their leadership.

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

Discovery and design phase is underway. Detailed planning, costings and design are the next phase of work.

7.4.4. New contract management system

Discovery and design phase is underway. Requirements for the system are being gathered, and we are investigating the use of the common operation model to guide the renewal of our processes. Detailed planning, costings and implementation plan development are the next phase of work.

7.4.5. Improved application development tools to improve workflow

Discovery and design phase is underway. Identification of the toolset (and costs) is progressing. Detailed planning, costings and implementation are the next phase of work.

7.5. Using Artificial Intelligence (AI)

Pharmac has established an AI Working Group which has been running a pilot series on Copilot, to understand the value-add of Copilot with the view to possibly rolling out the full version, copilot for Microsoft 365, which is currently available to a small number of staff. The AI working group has been meeting and developing proof of concepts to develop skills and to consider and test how AI can improve performance and productivity.

There are 12 proofs of concepts being developed, ranging from automating the first draft of meeting minutes, creating summary documents, creating automated test scripts, and automating the creation of new documents within a Pharmac template. The outputs of each proof of concept are being considered as each completes. From feedback, most people have found it both useful and insightful, with opportunities to further advance AI adoption across Pharmac as knowledge of its application (opportunities and risks) matures.

We are also testing the use of the standard MS Co-Pilot, which the Organisation is licenced to use as part of its core suite of business tools and the enhanced version for specified use cases.

Results so far are encouraging with people generally finding the standard version delivering time and efficiency benefits.

In the next quarter, more proofs of concept will be developed alongside benefits and identifying the best options to progress. In parallel, we will be considering the Government Chief Digital Officer guidelines and Pharmac-specific guardrails for adoption. There is also data, privacy and security related work that the Organisation needs to complete, that is being managed as part of the Data and Digital Governance Group.

7.6. Health Needs

Consideration of populations with the highest health needs are an integral part of Pharmac's Factors for Consideration and are applied throughout our assessment and transaction process. We have completed a gap analysis of current policies and procedures. Our Equity Policy is being revised to align with the Cabinet Circular on Needs Based Service Provision.

We are working to strengthen data and evidence (including lived experience of high health need populations) to inform decision-making.

7.7. Organisational Culture

Work continues to strengthen organisational infrastructure, systems, processes and workforce support. Momentum is to increase over coming months with the arrival of the new Chief Executive and the Senior Leadership Team is currently engaged in detailed planning to ensure a comprehensive and systematic approach.

8. Organisational capability

8.1. People and Capability Strategy

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

People leaders have agreed the area of focus for their 2025 engagement action planning. The first workshop focused on increasing leaders' ability in giving feedback and creating a good environment for giving and receiving feedback is due to take place in October.

In response to the Engagement Survey conducted earlier in 2025, SLT have agreed to focus on:

- Leading a refresh of Pharmac's vision and strategy.
- SLT visibility.
- Openness and sharing of information.
- Differences in operating styles (being consistent with our values).
- Performance management.
- Understanding the role of Pharmac's Board and the authorising environment.

Directorates and Teams continue to progress their engagement action plans based on their agreed 1-2 areas of focus, supported by the People & Capability Advisors as needed.

8.2. Workforce

Bargaining with PSA continues with some good progress made at facilitation, which took place in quarter one and Pharmac continues to be committed to the bargaining process.

8.3. Employee Experience

The annual performance, remuneration and promotion round was completed in September.

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

Our People and Capability metrics are trending positively. We have relatively low sick leave use with an average of 5.2 days per person used in 2024/25.

In quarter one, 14 people have used EAP services, compared with 25 for quarter four in 2024/25 and there have been 36 EAP sessions used in quarter one, compared to 77 in quarter four in 2024/25.

Our 12-month rolling average unplanned turnover is higher compared to the public sector average, which was 11.9% at 30 June 2024. Our average decreased this quarter from last quarter with a slight reduction from 21% at the end of quarter four 2024/25 to 19% for quarter one 2025/26. The top reasons for leaving were for new career opportunities, better remuneration and benefits, and more challenge/job growth. A more detailed analysis of turnover will be provided following the end of quarter two.

9. Appendices

Appendix A: Medicines budget highlights

Appendix B: 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

We have invested in 12 access widenings during quarter one.

Now that we have fulfilled our uplift commitments, we are focused for 2025/26 on progressing items from the top of the Options for Investment list, as budget permits, as well as saving and cost-neutral transactions.

Decision type	No. of pharmaceuticals	Estimated new patients 2025/26	Estimated Gross spending 2025/26
Widened access ¹	12	211,232	\$18,345,000 ³
New listing ²	0	0	\$0
Total	12	211,232	\$18,345,000

- 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.
- ³ Estimated Gross spending revised after recalculation of COVID-19 vaccine access widening.

1.2. Medicines spending highlights

Pharmac has secured a new supply agreement with Pfizer to continue funding the Comirnaty brand of COVID-19 vaccine. This means Comirnaty will remain the main funded vaccine in New Zealand from 1 February 2026 through to at least 30 September 2027, with options to extend until 2029.

We are also:

- 1.2.1. enabling ongoing access to the meningococcal B vaccine (Bexsero) for all children under five years of age, with up to 77,000 more children able to benefit. From 1 September 2025, all children under five years of age will be eligible for funded doses of Bexsero, regardless of whether they started or completed their vaccine course in their first year.
- 1.2.2. making changes to improve access to some asthma inhalers and long-acting contraceptives from 1 August 2025. These changes will help over 140,000 New Zealanders in the first year alone. From 1 August 2025, people using some strengths of budesonide with eformoterol inhalers will be able to receive three-months supply all at once, reducing the need for multiple pharmacy visits.
- 1.2.3. increasing the number of Jadelle contraceptive implants available on PSO, reducing the number of stock orders clinics need to make, helping to save time - especially for those with high patient volumes. These changes will improve access for over 21,000 people in the first year and align IUD access with other long-acting contraceptives. People have told us that it will remove barriers, reduce delays, and allow for timelier and efficient care.

Appendix B - 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>Briefings have been provided to Minister in September 2025.</p> <p>We await outcome of Healthy Futures (Pae Ora) Amendment Bill 2025, currently before the Health Select Committee</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>Progress is summarised under strategic priorities.</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>Following Cabinet decisions about medical devices, we are in process of implementation of next steps for HTA and procurement changes.</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.	Budget 2026 bid briefings provided to the Minister in August and September.

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.	<p>Pharmac will continue to report publicly on the progress of our timeliness measures. Improvement steps will include:</p> <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 (to 150) • piloting rapid assessment processes • streamlining assessment process with suppliers (and reflect this in updated guidelines). 	<p>We are currently recruiting for more staff in the expert advisory team.</p> <p>Backlog reduced by 7% this quarter.</p> <p>Rapid assessment processes being incorporated.</p> <p>We are currently considering changes to incorporate consumer and supplier perspectives, which will subsequently be reflected in the guidelines.</p>
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. 	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	<p>Consumer and Patient working group has been established and is meeting fortnightly (as part of the Reset Programme).</p> <p>Consumer Advisory Committee continues to meet monthly.</p>

Expectation		How we plan to meet the expectation	Quarterly progress
	<ul style="list-style-type: none"> Contributing to a medicines and medical devices strategy. 	<p>Consumer Advisory Committee.</p> <p>We will also work with the Ministry of Health and Health NZ on the Rare Disorders, Medicines, and Medical Devices strategies and policies.</p>	<p>The Consumer forum has been established for key patient and consumer representatives to meet with our Senior Leadership Team.</p> <p>Government decisions made in relation to medical devices.</p> <p>We have consulted on changes to Pharmac's rare disorder policy setting and seek to notify changes in October.</p>
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.	We will develop a (stakeholder informed) policy-based approach to how we enhance our horizon scanning activities.	<p>Work underway to scope options and opportunities for horizon scanning.</p> <p>Report to Pharmac SLT in October.</p>

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.	<p>12-month reset programme established supported by Consumer and Patient Working Group.</p> <p>Monthly progress reports for the Reset Programme are published on Pharmac's website.</p>
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	We will work with stakeholders to revise our vision and strategy by June 2026.	Vision and strategy work commenced and will be progressed in quarter two with plan to present paper to Pharmac Board in early December to

Expectation		How we plan to meet the expectation	Quarterly progress
	Performance Expectations, and a revised Statement of Intent by June 2026.		endorse draft vision and strategy.
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 systems as budget allows.	Work underway scoping the requirements and the detailed design for the first projects. We are updating planned timelines, resource requirements and costings. Governance group established to ensure the initiatives within scope align with Pharmac's strategic objectives and regulatory requirements.
11	Pharmac continues to contribute to the Government's health priorities including: <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).	Ongoing
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: <i>Needs-based Service Provision</i> .	Consideration of populations with the highest health needs are an integral part of Pharmac's Factors for Consideration and are applied throughout our assessment and decision-making processes. Operational policies updated as required.
13	Pharmac is delivering the agreed outcomes from the medical devices review including working collaboratively with the Ministry of Health, Health New Zealand, 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.	Government decisions concerning Medical Devices released. Cross agency oversight group meeting regularly to progress implementation of decisions.

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)	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).	28 months	Results continue to decline. 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).	46 months	Results continue to decline. 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. Note we have a new pilot measure of 30-day provisional release (from May onwards). 100% of provisional recommendations published within 30 days.
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. Note we have a new pilot measure of 30-day provisional release (from May onwards). 100% of provisional recommendations published within 30 days.
A reduction in the number of applications yet to be ranked (backlog)	N/A	< 150 applications	232 applications	This represents a 7% reduction since the previous quarter. We have increased capacity in the team and expect to achieve target by year end.
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

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

SPE Performance measure	2024/25 result	2025/26 Annual Target (from SPE)	Result / Status	Commentary
				costs while still expanding access

Strategic Priority Two: Strategic Management of Medicines Budget

SPE Performance measure	2024/25 result	2025/26 Annual Target (from SPE)	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	211,232 to date Achieved	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) ²	0 to date Results available at year end.	While no new medicines funded to date, we anticipate that this will be achieved at year end
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.) ²	12 to date 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.) ²	Result available at year end	Result available at year end.
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 116 months.	Dependent on available funding in the medicines budget.
Percentage of decisions on initial Named Patient Pharmaceutical Applications (NPPA) made within 10 working days.	79%	>75%	69%	Responsiveness has steadily declined since November 2024 as application volume has increased.

³ Volume based targets are not set for this measure. 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)	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%	0.27%	Price movement is tracking at 0.27%, 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)	Result / Status	Commentary
Increased public trust in Pharmac. Sourced from an external survey.	60	>60	Result available at year end	In the 24/25 result our reputation score is stable at 60, while the benchmark average across all agencies has declined to 57.
Assessment of consumer engagement (based on the Consumer Quality Safety Marker (CQSM) self-assessment).	Available in October	Seek to attain a score of 3 or more across the three CQSM domains.	In progress	For both the 6-month period ending March 2025 and September 2025, our self-assessment score was an overall 2 out of 4. With a 2, 2, and 3 rating across the three domains.