

## 2025/26 Pharmac Letter of Expectations progress update - July 2026

### Key

“Completed” - the expectation was completed.

“Ongoing” – the expectation has been outlined in Pharmac’s 2026/27 Letter of Expectation or further work required to progress.

Note: While an expectation may have been completed, Pharmac continues to look for opportunities to enhance its processes and work.

### Improving access to medicines and medical technology

Need to continue to innovate and optimise within Pharmac to ensure we are delivering greatest value for the largest number of New Zealanders we can through improving access to new medicines and medical technologies. This is how we drive better health outcomes and productivity. There is also a need to continue to explore how the different roles Pharmac undertakes in relation to health technology assessment and procurement can be optimised and made fit-for-purpose.

| Expectation |                                                                                                                                                                                                                                                                                                                                 | Progress to 30 June 2026 and summarised description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Link to 2026/27 Letter of Expectations and planned next steps           |
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| 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><b>Completed</b></p> <p>We provided initial advice to the Ministry of Health in June 2025 on options for potential amendments to Pharmac’s statutory objective and functions.</p> <p>We subsequently engaged with the Consumer and Patient Working Group, the Consumer Advisory Committee and Ministry of Health on options for potential amendments to Pharmac’s statutory objective and functions. We provided a briefing to the Associate Minister of Health in September 2025. This advice included the direct feedback provided by the Consumer and Patient Working Group</p> <p>In October 2025 the Health Select Committee sought advice from Pharmac on submissions received pertaining to Pharmac in the Healthy Futures (Pae Ora) Amendment Bill.</p> <p>The Government agreed to make no changes Pharmac’s statutory objective and functions as part of the Healthy Futures (Pae Ora) Amendment Act.</p> | This expectation is not included in the 2026/27 Letter of Expectations. |

| Expectation |                                                                                                                                                                                                                                                                              | Progress to 30 June 2026 and summarised description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Link to 2026/27 Letter of Expectations and planned next steps                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
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| 2a          | <p>Updating Pharmac's assessment methodologies and approach, including:</p> <p>The wider fiscal impacts to the government of funding medicines and medical devices, and how you consider societal impacts.</p>                                                               | <p><b>Accelerated and ongoing</b></p> <p>We used societal impact assessments to inform and support our Budget 2026 bid.</p> <p>We worked with the Ministry of Health to explore initial work on how to measure and monitor health services impact as well as wider fiscal and societal impacts of Pharmac's funding decisions.</p> <p>We have joint work underway, which will be completed in 2026/27, with Health NZ on the delivery and agreement of a common cost manual for the health system which will support improved health technology assessments and future budget bids.</p> <p>We have engaged with international Health Technology Assessment agencies on international best practice for alternative assessment models that consider societal impacts.</p>                                                        | <p>This expectation continues under the "<i>Improving Access to Medicines &amp; Medical Technology</i>" theme.</p> <p>We will continue to explore how a societal perspective can better demonstrate the broader value of treatments. Planned activities for 2026/27 include:</p> <ul style="list-style-type: none"> <li>commissioning further societal perspective assessments from the iMTA in the Netherlands, representing significant potential budget investments.</li> <li>complete staff capability training to support how we incorporate societal impacts into estimates of economic value and budgetary impact.</li> <li>updating our assessment tools and processes to better account of how we consider wider fiscal and societal impacts.</li> </ul> <p>We will use the findings from this work to inform and support the Budget 2027 process.</p>     |
| 2b          | <p>Updating Pharmac's assessment methodologies and approach, including:</p> <p>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><b>Accelerated and ongoing</b></p> <p>We prioritised initiatives to strengthen consumer and whānau participation in decision-making, recognizing the importance of lived experience in shaping better health outcomes. Key activities in 2025/26 included:</p> <ul style="list-style-type: none"> <li>established the Consumer and Patient Working Group as part of the 12-month Reset Programme to provide structured input into our improvement work.</li> <li>expanding the use of consumer and expert advisory networks to increase participation across Pharmac's assessment and decision-making.</li> <li>improving transparency through faster publication of clinical advice records.</li> <li>added an additional public consultation step for potential brand changes through the annual tender, with a</li> </ul> | <p>This expectation continues under the "<i>Improving Access to Medicines &amp; Medical Technology</i>" theme.</p> <p>We will continue to enhance processes and methodologies to ensure meaningful participation from people living with a disease, their carers, families, and patient groups in our advice and assessment processes. This work will be one of the key focus areas of the Timely Assessment Improvement Programme.</p> <p>We intend to establish an interim Consumer Transition Committee from August 2026 as an interim advisory committee to maintain continuity of Pharmac's consumer advisory function during the transition from the former Consumer Advisory Committee (CAC) to the new Community and Patient Advisory Committee (CPAC). Membership of the Consumer Transition Group will consist of four remaining CAC members and four</p> |

| Expectation | Progress to 30 June 2026 and summarised description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Link to 2026/27 Letter of Expectations and planned next steps                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
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|             | <p>particular focus on seeking feedback from consumers / consumer groups.</p> <ul style="list-style-type: none"> <li>• involvement of consumer groups in the development and evaluation of procurement processes.</li> <li>• established a new dedicated consumer engagement team.</li> <li>• completed a review of Pharmac's consumer advisory function and issued in June 2026 a consultation for a new consumer advisory committee.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                           | <p>members from the Consumer and Patient Advisory Working Group.</p> <p>The Interim Consumer Transition Committee will:</p> <ul style="list-style-type: none"> <li>• provide continuity of consumer, patient, whānau, and community advice to Pharmac and the Board during the transition from CAC to the CPAC.</li> <li>• support the Timely Assessment Improvement Programme and other related improvement work where consumer and patient advice is required.</li> <li>• advise on the development and establishment of the CPAC, including its Terms of Reference, engagement approach, and implementation arrangements.</li> <li>• help ensure that consumer lived experience are appropriately reflected in Pharmac's work during the interim period as part of Pharmac's wider work to be transparent and accessible.</li> </ul> |
| 3           | <p><b>Accelerated and ongoing</b></p> <p>We have completed an initial 'fast track' assessment pilot to determine whether a more streamlined assessment process is feasible as a solution to expedite low risk medicine funding applications.</p> <p>Following evaluation of the pilot, we have agreed to continue an accelerated assessment process but reframe it as a '<i>low risk assessment pathway</i>' to provide a more proportionate approach for lower-risk applications to help us move faster while still making robust decisions. This work will also help us to reduce the number of historical applications waiting assessment.</p> <p>We have a service level agreement with Health NZ which saw Pharmac delivering, from 1 February 2026, medical device health technology assessments as part of Health NZ's new Health Technology Evaluation Pathway.</p> | <p>This expectation continues under the "<i>Improving Access to Medicines &amp; Medical Technology</i>" theme.</p> <p>Our focus will be on delivering continued improvements as part of the Timely Assessment Improvement Programme and the medical devices joint transition plan.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

| Expectation |                                                                                                                                                                                                                                         | Progress to 30 June 2026 and summarised description                                                                                                                                                                                                 | Link to 2026/27 Letter of Expectations and planned next steps                                                                                                                                                                                                        |
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| 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. | <p><b>Completed</b></p> <p>Budget 2026 work is now completed. Budget decisions were announced on 28 May 2026.</p> <p>Pending Ministerial approval, we envisage proactively releasing Budget 2026 material on Pharmac's website later this year.</p> | <p>This expectation continues under the "<i>Improving Access to Medicines &amp; Medical Technology</i>" theme.</p> <p>We will continue to work with the Minister, Ministry of Health, Health NZ and Treasury to put forward budget bid requests for Budget 2027.</p> |

## Building productive partnerships

Pharmac must have a culture which is professional and respects stakeholders. This is important to ensure positive productive relationships with stakeholders and public trust is maintained. I would like to see work on:

| Expectation |                                                                                                                                                                                                         | Progress to 30 June 2026 and summarised description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Link to 2026/27 Letter of Expectations and planned next steps                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
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| 5           | Prioritising improvements in the timeliness of assessment and decision-making and publication processes. I expect you to continue to report results publicly.                                           | <p><b>Accelerated and continued improvements planned</b></p> <p>We have progressed several initiatives to improve timeliness and transparency of our advice and assessment processes. These include:</p> <ul style="list-style-type: none"> <li>a new performance target was introduced for 2025/26 to reduce the backlog of funding applications waiting for assessment to 150 applications.</li> <li>completed an initial 'fast track' assessment pilot to determine whether a more streamlined assessment process is feasible as a solution to expedite low risk funding applications and support backlog clearance.</li> <li>following evaluation of the pilot, we have agreed to continue an accelerated assessment process but reframe it as a 'low risk assessment pathway' to provide a more proportionate approach for lower-risk applications to help us move faster while still making robust decisions.</li> <li>introduced a new target to publish provisional recommendations from our advisory committees within 30 days, further strengthen transparency. Target is being achieved routinely.</li> <li>developed and tested a new approach to seek cancer funding application expert advice.</li> <li>established a supplier reference group to work with us on current and planned improvements.</li> </ul> | <p>This expectation continues under the "<i>Building productive partnerships</i>" theme.</p> <p>We will continue to make improvements in the timeliness of assessment and decision-making and publication processes as part of the Timely Assessment Improvement Programme.</p> <p>We have introduced for the first time from 1 July 2026 a timeframe target for advice and assessment. The new target is for 'new funding applications to be assessed within 18 months'.</p> <p>The timeframe target will cover the first three steps of our funding application process –</p> <ul style="list-style-type: none"> <li>Step 1: Accept application;</li> <li>Step 2: Seek expert advice; and</li> <li>Step 3: Conduct assessment and rank.</li> </ul> |
| 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: | <p><b>Ongoing</b></p> <p>We have prioritised initiatives to build and enhance collaboration across the health sector, recognising the value of working in partnership to achieve better outcomes. We participate in a wide range of collaborative work across the health sector, government and non-government entities to deliver and support Pharmac's work. Examples include working alongside the sector on the implementation of the</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <p>This expectation continues under the "<i>Building productive partnerships</i>" theme.</p> <p>Our focus in 2026/27 will be on identifying and pursuing further opportunities for collaboration across the health sector, while continuing to evolve and strengthen the existing initiatives already underway.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                  |

| Expectation                                                                                                                                                                                                                                                                                                                          | Progress to 30 June 2026 and summarised description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Link to 2026/27 Letter of Expectations and planned next steps                                                                                                                                                                                                                                                                                                                                                                              |
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| <ul style="list-style-type: none"> <li>Supporting the implementation of the rare disorders strategy.</li> <li>Contributing to a medicines and medical devices strategy.</li> </ul>                                                                                                                                                   | <p>Budget uplift, vaccine/immunisation groups, and equity working groups.</p> <p>The Ministry of Health has led the coordination of an implementation plan in 2025/26 to support delivery of the Rare Disorders strategy. Pharmac has several actions which have been progressed during the year.</p> <p>Following analysis and public consultation, in October 2025 Pharmac amended its policy settings for rare disorders. This involves bringing Pharmac's definition of rare disorders into line with that in the 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.</p> <p>The Ministry of Health is responsible for the development of a medicines and/or medical devices strategy not Pharmac. The development of a strategy was not progressed in 2025/26 as it was reprioritised by the Associate Minister of Health.</p> | <p>The Ministry of Health is leading the coordination of the Rare Disorders implementation plan, and we will progress actions assigned to Pharmac in 2026/27. We will also contribute to the planned next steps for implementation of the Rare Disorders strategy from 2027 – 2030.</p> <p>The development of a medicines and/or medical devices strategy is not included in Pharmac's 2026/27 Letter of Expectations.</p>                 |
| <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.</p> | <p><b>Ongoing</b></p> <p>We completed a comprehensive review of:</p> <ul style="list-style-type: none"> <li>existing horizon scanning activities within Pharmac.</li> <li>current initiatives across the New Zealand health system.</li> <li>international models used to support early awareness and strategic planning.</li> </ul> <p>This review involved engagement with industry, government and non-government stakeholders, and international experts. We provided a Ministerial briefing in May 2026 and signaled that we intend to build on current practice by:</p> <ol style="list-style-type: none"> <li>strengthening internal coordination and governance of horizon scanning.</li> <li>engaging with system partners to explore whether New Zealand could benefit from a more structured, coordinated national approach.</li> </ol>                                                                                                                                                                                           | <p>This expectation continues under the “<i>Building productive partnerships</i>” theme.</p> <p>Our focus will be to strengthen our horizon scanning activity and also explore how we can partner with external stakeholders on horizon scanning opportunities.</p> <p>This will include a planned programme of therapeutic group reviews and category planning that encompasses consideration of emerging therapies and technologies.</p> |

## Continuous improvement of organisational culture

I expect Pharmac to renew its organisational culture and sharpen its strategic focus, ensuring it plays a more visible and constructive role across the wider health system. You have identified areas for improvement across Pharmac already and I agree with the broad approach. I also expect that Pharmac contributes to broader health system priorities. Please ensure that:

| Expectation |                                                                                                                                                                                                                   | Progress to 30 June 2026 and summarised description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Link to 2026/27 Letter of Expectations and planned next steps                                                                                                                                                                                      |
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| 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. | <p><b>Accelerated and ongoing</b></p> <p>We initiated the 12-month Reset Programme with the aim of supporting Pharmac to be a more outward-focused and transparent organisation that values and actively engages with consumers and stakeholders. We established a Consumer and Patient Working Group to provide consumer insight and advice to the Reset Programme, ensuring the consumer community is actively engaged and diverse views are represented.</p> <p>The chair of the Consumer and Patient Working Group, Dr Malcolm Mulholland, was nominated and selected by members of the wider consumer and patient community and endorsed by the Pharmac Board.</p> <p>The working group consisted of up to 10 consumer and patient community members, including the Chair, reflecting the breadth and diversity of communities impacted by Pharmac's work, including under-represented voices.</p> <p>To deliver the programme effectively, we used a 90-day plan approach to focus on improvements, actions and change. Progress was reported publicly on our website.</p> <p>One of the key actions from the Culture Review report was the development of a compelling new organisational vision and establishing measurable strategic objectives. This was completed during the year supported by significant external and internal engagement.</p> <p>Other activities that were progressed during the year included work on governance, finance and performance; systems, data and digital transformation; workforce, capability and ways of working; and legal, policy and corporate governance.</p> | <p>This expectation is not included in the 2026/27 Letter of Expectations.</p> <p>Whilst not a specific expectation for 2026/27 many of the recommendations for improvement are captured as part of Pharmac's planned deliverables in 2026/27.</p> |



| Expectation |                                                                                                                                                                                                                                                          | Progress to 30 June 2026 and summarised description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Link to 2026/27 Letter of Expectations and planned next steps                                                                                                                                                                                                                                                                                                                                               |
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| 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. | <p><b>Completed</b></p> <p>A new vision and strategy were developed and agreed by the Pharmac Board in May 2026.</p> <p>Our annual 2026/27 Statement of Performance Expectations, and a revised 2026/27 – 2029/30 Statement of Intent were completed in June 2026 and published on our website.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <p>This expectation is not included in the 2026/27 Letter of Expectations.</p> <p>The SPE is an annual statutory document required under the Crown Entities Act 2004. We will develop the 2027/28 SPE over the coming year, with completion scheduled for June 2027.</p>                                                                                                                                    |
| 10          | Pharmac is investing in data and digital infrastructure to enhance core functions and improve decision making, collaboration and transparency.                                                                                                           | <p><b>Accelerated and ongoing</b></p> <p>We have used one-off funding provided in Budget 2025 to develop a two-year data and digital programme.</p> <p>The first and key project underway is the redevelopment of the Pharmaceutical Schedule (the Schedule). The project replaces the legacy Schedule applications and implements a modern, centralised Schedule database and integrates with other systems internally and externally. This represents the most significant change to the Schedule in the last 30 years.</p> <p>As part of this project, we have agreed a joint project plan with Health NZ to align delivery of the Schedule with the new Special Authority IT system they are delivering. A go-live date for both systems is scheduled for late October 2027.</p> <p>Discovery and Design Phase underway for a new contract management system; the development of patient &amp; supplier portals; and improved application development tools to improve workflow. We are also exploring opportunities for use of AI across Pharmac's work.</p> | <p>This expectation continues under the “<i>Continuous improvement of organisational culture and capability</i>” theme.</p> <p>Our focus will be continued delivery of our Data and Digital programme working in partnership with Health NZ and other sector stakeholders.</p>                                                                                                                              |
| 11          | Pharmac continues to contribute to the Government's health priorities including:<br>a. The Government Policy Statement on Health 2024-2027 (GPS).<br>b. National health targets.                                                                         | <p><b>Ongoing</b></p> <p>We gave effect to relevant actions outlined in the GPS and supported delivery of targets across priority areas where applicable. The three actions specific to Pharmac in the GPS were:</p> <ul style="list-style-type: none"> <li>improve the availability of and access to cancer medicines in New Zealand.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <p>This expectation continues under the “<i>Continuous improvement of organisational culture and capability</i>” theme.</p> <p>Pharmac will give effect to relevant actions in the GPS and support, where relevant, delivery of targets and actions across priority areas.</p> <p>The Government is scheduled to complete a new three-year GPS by June 2027, and we will contribute to GPS development.</p> |



| Expectation |                                                                                                                                                                                                                                                         | Progress to 30 June 2026 and summarised description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Link to 2026/27 Letter of Expectations and planned next steps                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
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|             | c. New Zealand Health Plan and associated Pae Ora strategies.                                                                                                                                                                                           | <ul style="list-style-type: none"> <li>enable faster access to medicines by improving the timeliness of processes related to accessing new medicines.</li> <li>continue to develop Pharmac's model to ensure patient voice and wide-ranging societal consequences are taken into account.</li> </ul> <p>Government priorities have been incorporated in our 2026/27 – 2029/30 Statement of Intent and 2026/27 Statement of Performance Expectations.</p>                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 12          | Pharmac's work gives effect to the Cabinet Circular (24) 5: Needs-based Service Provision, 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. | <p><b>Ongoing</b></p> <p>We formalised our Access Criteria policy which guides how we set access criteria within the Pharmaceutical Schedule. The new approach ensures that the target patient population are clearly defined from the outset and broad descriptive criteria are set to ensure everyone in the target group will have access to medicines.</p> <p>The Access Criteria policy fulfils government expectations as set out in the Cabinet Circular (24) 5 on need-based service provision.</p> <p>We revised other policies and procedures to ensure alignment with Cabinet Circular, including a revised Equity Policy.</p>                                                                                                                                                             | <p>This expectation continues under the “<i>Continuous improvement of organisational culture and capability</i>” theme.</p> <p>We will continue to strengthen implementation and understanding of our Access Criteria Policy.</p> <p>We are currently reviewing the access criteria for medicines where there are ethnicity-based criteria, with a view to removing or replacing them with clinical criteria where possible.</p>                                                                                                                                                                                                    |
| 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.                                           | <p><b>Accelerated and ongoing</b></p> <p>In September 2025, the Government announced changes to how hospital medical devices are procured. Under this joint approach, Health NZ and Pharmac share responsibility focusing on the areas that best align with its expertise and capabilities. Ministers issued a joint letter of expectations (LoE) to both agencies outlining 11 expectations for joint work.</p> <p>At the end of March 2026, the Ministry of Health completed its six-monthly report to Ministers on the progress of the joint partnership between Pharmac and Health NZ, confirming that implementation remains on track and that the collaborative operating model is bedding in well. The report highlights the increasing clarity around roles, improved coordination across</p> | <p>This expectation continues under the “<i>Continuous improvement of organisational culture and capability</i>” theme.</p> <p>Our focus for the year ahead to ensure delivery of the joint LoE, is to progress a coordinated programme of work with Health NZ, focused on operational transition and system readiness. This will include:</p> <ul style="list-style-type: none"> <li>delivering a joint transition plan covering contract ownership changes.</li> <li>establishing a shared procurement pipeline, agreed processes and timeframes.</li> <li>strengthening the benefits and value measurement framework.</li> </ul> |

COMMERCIAL IN CONFIDENCE

| Expectation |  | Progress to 30 June 2026 and summarised description                                                                                                                                                                                                                                | Link to 2026/27 Letter of Expectations and planned next steps                                                                                                                                                                                                                                                           |
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|             |  | <p>workstreams, and the steady progress being made on procurement, category planning, and contract transitions</p> <p>A cross-agency oversight group oversees implementation, monitors performance, resolves issues, and ensures alignment procurement with system priorities.</p> | <ul style="list-style-type: none"> <li>ensuring consistent and coordinated approaches to supplier engagement, communications and relationship management including establishment of a Supplier Reference Group.</li> <li>supporting Device Advice and Assessment Pathway using Health Technology Assessment.</li> </ul> |