



23 MAR 2020

Hon Steve Maharey CNZM
Chair, Pharmaceutical Management Agency
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Dear Mr Maharey

Letter of expectations for the Pharmaceutical Management Agency (PHARMAC) for 2020/21

This letter sets out the Government's expectations to assist you with strategic planning and decision making for the 2020/21 year. The health and disability sector plays an important role in the lives of New Zealanders, and high-performing health Crown entities are critical to overall sector performance.

The Government intends to deliver long term, sustainable change to support improved wellbeing for New Zealanders. In the coming months we will receive the final report from the New Zealand Health and Disability System Review. I want to thank you for contributing to the review. The interim report aligned strongly with our Government's priorities and the changes we have under way to deliver better outcomes for Māori, improving equity and improving wellbeing. My expectations for these priority areas are outlined further in this letter.

I ask you to demonstrate a renewed focus on your strategic direction, by refreshing your Statement of Intent (SOI) for July 2020 to June 2024, taking into account the priorities set out in this letter and the advice provided in the updated Enduring Letter of Expectations, which you received in October 2019. Your SOI should clearly demonstrate how you will develop your core business to meet population needs and public expectations. It should clearly define your role as both a health and disability system partner and leader, within the context of the whole system's strategic direction.

Key priorities

Wellbeing and equity underpin my priorities for the health system, which include:

- improving child wellbeing
- improving mental wellbeing
- improving wellbeing through prevention
- better population outcomes supported by a strong and equitable public health and disability system
- better population health and outcomes supported by primary health care.

This letter outlines my expectations for a range of matters that contribute to performance across these priority outcomes. In particular, I would like you to consider how the prioritisation of medications to support improving wellbeing through prevention should be addressed.

Achieving equity

Achieving equity in health outcomes and ensuring fairness in access to and experience of health care is essential for New Zealand. I will always expect you to consider equity as you carry out your role in the system, and to prioritise resources to support achieving equity across population groups. This will include improving health outcomes for Māori and Pasifika, and an explicit focus on addressing racism and discrimination in all its forms across all aspects of your operations.

Embedding Te Tiriti o Waitangi and achieving pae ora (healthy futures) for Māori

Māori-Crown relations is a priority for this Government, and I expect PHARMAC to meet its Te Tiriti o Waitangi obligations as specified in the New Zealand Public Health and Disability Act 2000.

Achieving pae ora (healthy futures) for Māori is an important goal for the entire health and disability system. While this includes achieving equity in health outcomes for Māori, responding to our obligations under Te Tiriti o Waitangi goes beyond that. A critical aspect is enabling iwi, hapū, whānau and Māori communities to exercise their authority to improve their health and wellbeing. I expect your SOI to specify how you will effectively work with iwi and Māori communities to achieve this goal.

Governance and financial management

The PHARMAC Board is expected to govern well by setting the direction for the organisation and rigorously monitoring performance and delivery of the Government's priorities, through the undertaking of PHARMAC's core activities.

As Chair, you will need to provide leadership and direction to the Board, including guidance and support to members to ensure they effectively govern PHARMAC. Please ensure that you have a process in place to review the performance of the Board on a regular basis. I also expect you to hold your Chief Executive and senior leadership team to account on the delivery of equitable health outcomes for New Zealanders.

Strong financial management is essential to enable delivery of better services and outcomes for New Zealanders. I acknowledge PHARMAC's achievements in assisting with the financial sustainability of the sector, and look forward to your continued good performance in this area.

System-wide working

PHARMAC is a key player within the wider health and disability system. Your relationships with the Ministry of Health, district health boards (DHBs) and primary care on shared priorities are critical to the achievement of wider health and wellbeing outcomes. Continued effective and efficient supply of medicines and medical devices is an essential part of the performance of the whole system.

Environmental sustainability

I expect you to continue to contribute to our Government's priority outcome around environmental sustainability. I expect your SOI to reflect your work to further progress actions that mitigate and adapt to the impacts of climate change and enhance the co-benefits to health from these actions.

Transparency and timeliness

New Zealanders need to be able to trust the public health and disability system, and we all need to work to engender that trust. I would like PHARMAC to continue to build on its work on improving the transparency and timeliness of its processes, and further develop its relationships and communication with the public and other stakeholders. Good relationships are key to getting things done.

Responses to disease outbreaks

Recent outbreaks of diseases such as Meningococcal W and measles have demonstrated the potential for risks to emerge in the supply of vaccines in New Zealand. I am aware that you have been working with the Ministry and DHBs to address these issues, and that progress is being made. I expect that work to continue as a matter of priority.

Medical devices

Thank you for your work so far in transitioning to full management of medical devices. I note your goal of achieving significant financial savings. While I support this aim, your work in this area also needs to recognise the impacts on local New Zealand suppliers of medical technology, and DHBs' service delivery requirements. Engagement with the sector and consultation about your proposed approach will be very helpful in ensuring continued access to modern medical devices.

Health Finance, Procurement and Information Management System (FPIM)

Successful implementation of FPIM is critical to PHARMAC's operations along with those of the wider sector. Thank you for working closely with the Ministry of Health and DHBs to support the successful delivery of the FPIM business case.

New Zealand Cancer Action Plan 2019-2029

PHARMAC has an important role to play in ensuring the New Zealand Cancer Action Plan 2019-2029 is informed by an excellent understanding of the challenges and opportunities regarding access to and best use of medicines. I note your recent work with the Ministry on enabling early access to new cancer medicines, and would like you to continue working closely with them on this and other aspects of cancer management relevant to your role.

Medicines for rare disorders

I continue to support your work to improve access to medicines for people with rare disorders, and I welcome further work in partnership the Ministry and the wider health sector as this evolves.

Research and evidence

I note your successful model of partnership with the Health Research Council in commissioning research into the best use of medicines in New Zealand. I encourage you to also work with the Ministry in developing priority areas for research.

I would like to take this opportunity to thank you, your Board members and the staff of PHARMAC for your dedication and efforts to contribute to high quality health care and equitable outcomes for all New Zealanders.

Yours sincerely

A handwritten signature in blue ink, appearing to be 'D. Clark', written over a circular blue scribble.

Hon Dr David Clark
Minister of Health

