



Hon David Cunliffe

MP for New Lynn

Minister of Health

Minister for Communications and Information Technology

Mr Richard Waddel
Chairperson
Pharmac
P O Box 28 543
Remuera
Auckland

Dear Mr Waddel

2008/09 – Letter of Expectation

This letter provides you with an indication of my priorities and expectations for the coming year. It should also assist you in your planning for the 2008/09 year and the preparation of your Statement of Intent and Output Agreement.

The national health and disability sector Crown entities play an important role in the wider health sector and ultimately make a significant contribution to improved health outcomes.

I see the coming year as an opportunity to drive for higher levels of output and enhanced performance and to redouble our efforts towards collaboration and quality improvement.

The current priority areas for the health sector remain unchanged. Several of these priority areas are of relevance to the Pharmaceutical Management Agency of New Zealand (Pharmac), particularly:

- Value for money - better value for money which provides more healthcare at a higher quality for more New Zealanders
- Getting ahead of chronic conditions
- Reducing disparities, especially for Maori and Pasifika populations
- Child and youth health
- Health of older people
- Infrastructure – especially workforce development and co-ordination of information systems

Productivity gains and improved value for money are essential. Effective innovations should be shared, and improvements in one area made available to all. We need to be consistently better at measuring quality and productivity, as well as benchmarking against proven standards to reduce inappropriate variation.

Parliament and the public need to be assured that New Zealand's health sector investment is being managed effectively and efficiently. In this regard, I strongly encourage you to provide meaningful performance information in your Statement of Intent. It is through these measures that Parliament and the public can ensure that Pharmac is contributing to improving health outcomes.

I am looking for faster performance improvement and will be expecting the Ministry of Health to rigorously monitor performance across the sector. I also encourage you to work closely with Ministry of Health officials to agree an optimal level of equity.

It is in the public interest that there is close collaboration within the health and disability system to influence health outcomes. I expect Pharmac to proactively engage with other entities in the development and implementation of key objectives outlined in your Statement of Intent.

Medicines are a key part of the health and disability support system and make significant contributions to the lives of New Zealanders. The release of *Medicines New Zealand* at the end of 2007 signals my desire to ensure that the medicines sector in New Zealand is principle-based, transparent and working in a collaborative and coherent manner to ensure a sustainable system that delivers value for money and the best outcomes possible from medicines. Pharmac has a key role to play.

In meeting your statutory objectives and functions, and working to implement the commitments given in *Medicines New Zealand* and *Actioning Medicines New Zealand*, I expect that you will respond to the following specific priorities and areas of focus for your organisation:

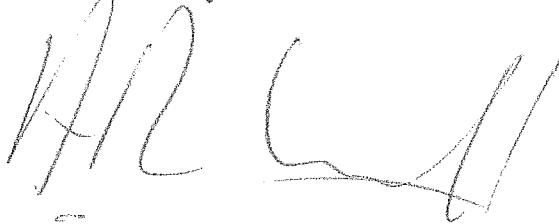
- ensure stakeholders, including consumers, have the opportunity to provide information or perspectives that will contribute to Pharmac's decision-making processes and will be provided with guidance on how to do so
- support the goal of ensuring that New Zealanders understand and can access information about the medicines system including, where appropriate, information about medicines funding decisions and related health and disability system prioritisation criteria
- work to ensure the roles and functions of agencies within the medicines system are aligned to enable them to deliver *Medicines New Zealand* outcomes effectively and efficiently and to minimise duplication

- contribute to building robust and integrated systems to support and monitor best-practice prescribing and the optimal use of medicines including safe medicines use practices.

I expect also that as a sector we must improve the way we engage with the public. The vast majority of this engagement is through the media. I expect Pharmac to handle communications proactively and adhere to the "no surprises" policy. To this end, I require early warning of any issues before they arise. This early warning can be to your Relationship Manager at the Ministry of Health, to the Ministry's communications team or where appropriate, to my office.

I look forward to working with you to benefit the health of all New Zealanders.

Yours sincerely

A handwritten signature in black ink, appearing to read 'DC', written over a horizontal line.

Hon David Cunliffe
Minister of Health

cc Hon Peter Dunne, Associate Minister of Health, Parliament Buildings,
Wellington
Mr Matthew Brougham, Acting Chief Executive, Pharmac,
P O Box 28 543, Remuera, Auckland