

3 June 2022

Hon Andrew Little
Minister of Health
Parliament Buildings
Wellington

Dear Minister

Annual Letter of Expectations for Pharmac for 2022/23

Thank you for your letter dated 31 March 2022 outlining your expectations for Pharmac for the 2022/23 year. I am happy to provide you with our response, setting out how Pharmac plans to meet your expectations.

We appreciate your acknowledgment of the work Pharmac has undertaken to actively manage and ensure continuity of supply of medicines and medical devices during the pandemic, and the progress we are making embedding Te Tiriti o Waitangi in our own organisation and in our practices, and contributing to achieving equitable health outcomes.

We are pleased the independent review of Pharmac and the government response to the review recommendations has now been released. We note the specific directives you have made to Pharmac, and we will meet the timeline given for specific responses.

We recognise the need to work effectively with the wider health sector, to improve our responses to te Tiriti o Waitangi, and equity, and incorporating consumer feedback, to deliver the best health outcomes from New Zealand's investment in medicines and medical devices.

Please find attached information on how we intend to meet your expectations for 2022/23 and how we will report our progress.

I would be happy to discuss this with you further or provide more information on any of the areas outlined.

Yours sincerely



Hon Steve Maharey
Pharmac Board Chair

cc Associate Ministers of Health

Expectation	How we plan to meet the expectation	How we will report
Pharmac will manage COVID-19 vaccines.	<p>We are working with the Ministry of Health on the details of this.</p> <p>We will be responsible for the ongoing management and purchase of COVID-19 vaccines from 1 July 2022.</p>	Our regular Pharmaceutical Investment reporting will include COVID-19 vaccine activity.
Supply of medicines will continue to be managed by Pharmac.	COVID-19 continues to cause significant supply-chain disruptions for medicines and medical devices. We will continue to work closely with suppliers, public hospitals, prescribers, pharmacies, and other government agencies to ensure New Zealanders have access to their funded medicines and devices.	We will keep you informed of supply-chain issues and of developments with COVID-19 therapeutics through our regular reporting.
Pharmac will be a key-player in Pae Ora (Healthy Futures) Bill implementation, improving services in collaboration within the sector in a period of change.	<p>Pharmac welcomes the Pae Ora (Healthy Futures) Bill, including its focus on health entities honouring te Tiriti o Waitangi, achieving health equity for Māori, and the opportunities that it brings to achieve a more connected and integrated health sector.</p> <p>Pharmac's role and our relationships with Health New Zealand and the Māori Health Authority will be part of the implementation of the new health and disability system. We look forward to participating in more detailed system development and being part of improving health services for New Zealanders. We will work collaboratively with a range of entities and stakeholders to help ensure an integrated health system.</p>	We will keep you updated on our contribution through our quarterly and annual reports.

Expectation	How we plan to meet the expectation	How we will report
Development and giving effect to interim Government Policy Statement (iGPS) on health. Working with Health New Zealand and the Māori Health Authority.	We will continue to work alongside Health New Zealand and the Māori Health Authority.	We will keep you updated on our contribution through our quarterly and annual reports.
Pharmac must take into account the Government's response to the Review recommendations and respond appropriately as they emerge.	<p>The transformation of Pharmac to be a more transparent, consumer and equity focused organisation is already underway.</p> <p>We will continue to strengthen our partnership with Māori by honouring te Tiriti, and focus on equity. We will continue to improve our processes to be faster and clearer.</p>	Pharmac's annual report will include important metrics to indicate our progress on improvements, including timeliness and measuring our contribution to medicines equity. We will also report on our activities that address government's response to the Review recommendations.
<p>In 2022/23 for the first time Pharmac will hold an appropriation for the national purchasing of pharmaceuticals. Pharmac will invest in the best possible range of medicines while maintaining expenditure within budget.</p> <p>Pharmac must take account of the Ministry of Health's policy and strategy (where they have been decided) in relation to medicines and to ensure that the new arrangements, including reporting, operate effectively.</p>	Our pharmaceutical purchasing activity and systems will be adjusted to meet this requirement. We will work closely with Health New Zealand and the Māori Health Authority. We will meet the accountability requirements of the appropriation.	We will report on progress in our regular Pharmaceutical Investment reporting.
Pharmac will ensure our work programmes such as Te Whaioranga support the Government's commitment to upholding the principles of Te Tiriti o Waitangi.	Te Whaioranga remains a key part of our response to Te Tiriti in line with Whakamaua. We will continue to implement initiatives from Te Whaioranga. We will also	We will report on progress in our quarterly and annual reports.

Expectation	How we plan to meet the expectation	How we will report
<p>Whakamaua: the Māori Health Action Plan 2020-2025 remains the implementation plan for He Korowai Oranga, New Zealand's Māori Health Strategy and should provide a solid framework for planning and articulating the work Pharmac is undertaking.</p>	<p>continue to work to give effect to te Tiriti, including working more effectively with Māori.</p>	
<p>Kia Toipoto Public Service Pay Gaps Action Plan (Action Plan) was launched in November 2021 and will help employers close gender, Māori, Pacific and ethnic pay gaps and create fairer workplaces for all their employees.</p> <p>Pharmac is required to develop and publish annual action plans in consultation with employees and unions. I look forward to seeing your progress as you implement the Action Plan to ensure your workplace is fair and equitable.</p>	<p>Pharmac's performance and remuneration framework will be reviewed, with a strong focus on equity and inclusion.</p>	<p>We will report progress in our quarterly and annual reports.</p>