



20 JUN 2018

Mr Stuart McLauchlan
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Dear Mr McLauchlan

Letter of expectations for the Pharmaceutical Management Agency for 2018/19

This letter sets out the Government's expectations to assist you with strategic planning and other decisions for the 2018/19 year.

My vision for the New Zealand health system is one where anyone can receive the health services they need no matter who they are, or how much money they've got. Our health system should provide services in the right locations at the right times and provide for quality and consistent experiences and outcomes.

This Government is committed to funding a strong and effective public health service that all New Zealanders can be proud of. To achieve this the Government has identified priorities to invest in New Zealanders and invest in their health. These priorities are:

- an increased priority for primary care
- mental health
- public delivery of health services
- a strong focus on improving equity of outcomes.

It is my expectation that you makes investment decisions with a sound evidence base and that interventions and programmes are effective.

Our approach

The Government wants to improve population health. Population health approaches and services are essential components of strategies to address determinants of health and achieve better health equity and wellbeing. New Zealanders have made it clear that they are concerned about the increasing unaffordability of primary health services, regional inequity of access to secondary health services, and inadequate mental health service provision nationwide.

I expect that your 2018/19 strategic documents will maintain a focus on health equity and clearly demonstrate how the strategic priorities and supporting actions will make a difference to your stakeholders.

The Government also wants to support our health system to implement a strong response to climate change, this will include working with the wider health and disability sector. Plans to

address climate change and health, need to incorporate both mitigation and adaptation strategies, underpinned by cost benefit analysis of co-benefits and financial savings.

Funding

It is a credit to those who serve across the health sector that health outcomes have held up as well as they have despite nine years of under investment. The Government is committed to delivering a well-funded public health service. That is why we will invest \$8 billion to meet cost pressures and deliver new initiatives over the next four years. While this is more generous than before, much of the new funding will be absorbed in the service improvements we announced before taking office. The public will rightly want to see the health system delivering more for them in return for the increased investment.

Accountability for improved performance

The Government will hold Crown Entity Board Chairs directly accountable for their entity's performance. I expect Boards to be highly engaged and to hold Chief Executives and management tightly accountable for improved performance within each entity.

Under the previous government, relationships across the health sector became strained. I expect you to demonstrate strong and proactive relationships and work constructively with Ministry of Health and the wider health sector.

I also expect you to work collaboratively to continue to ensure existing infrastructure, information platforms and systems meet this Government's priorities.

We must maintain a team approach across the health and disability system. I expect you to continue to improve your efficiency and effectiveness by working together with other agencies where that is needed to deliver results. You will be clear on how you are working with other agencies and influencing sector-wide results. I also expect you to work constructively with the Ministry of Health and on matters related to the 'no surprises' policy.


Looking forward

I am focused on ensuring better health outcomes for the public. In addition to these general expectations, I expect your activities over the 2018/19 year and your Statement of Performance Expectations to reflect the following priorities:

- adopt full budget management for all hospital medicines under the Combined Pharmaceutical Budget, effective from 1 July 2018,
- work closely with the Ministry of Health, New Zealand Health Partnerships Limited and clinicians to implement the medical devices work programme,
- work on ensuring fair consideration of medicines for people with rare disorders, and in particular, progressing the initiatives identified following your rare disorders pilot. I would like you to report to me on your work on medicines to treat rare disorders in November 2018,
- communicate and engage proactively with the public and key stakeholders, and in particular, to manage brand switches and high profile funding decisions carefully, and
- consult and engage with the Ministry of Health, particularly on the content of policy work programme, and when proposed changes may have an impact on programme management and sector engagements

Finally, I would like to thank you and the Pharmaceutical Management Agency again for your ongoing work to improve the health of New Zealanders. The public deserves the highest standards of leadership and performance, and by working together we can ensure that improvements are made for our population.

Yours sincerely

A handwritten signature in blue ink, consisting of a large circle with a diagonal line through it and some additional scribbles below.

Hon Dr David Clark
Minister of Health