



Office of Hon Dr Jonathan Coleman

Minister of Health
Minister for Sport and Recreation

Member of Parliament for Northcote

039597

24 DEC 2014

19 DEC 2014

Mr Stuart McLauchlan
Chair
PHARMAC
PO Box 10-254
WELLINGTON

Dear Mr McLauchlan

Letter of Expectations 2015/16

Thank you for the continued contribution you and your staff make to the public health and disability system.

While Health has consistently received the largest Budget increase in recent times, New Zealand's economic environment remains tight. Ongoing prudent financial management remains a priority and I expect entities to play their part. I recognise that working to improve services while operating under budget constraints is challenging.

Entities should build on the progress that has been made across the state sector to achieve results for New Zealanders. You need to be able to demonstrate what difference you are making, and you should look to shift resources within your entity as required to improve service delivery.

It is important that we drive a team approach across the health and disability system. I expect entities to continue to improve their efficiency and effectiveness by working together with other agencies. You should be clear on how you are working with other agencies, influencing sector-wide results and putting the patient or client (not agency boundaries) first. I also expect entities to work constructively with the Ministry of Health, on matters related to the 'no surprises' policy and in general.

Your commitment to on-going performance improvement is crucial in delivering excellent public services that are transparent and accountable. To assist with this, you should continue to publish non-sensitive performance information on your website, beyond the usual annual reporting requirements.

Organisational health, strong governance, and clinical leadership and engagement are priorities of mine. As agents of the Crown, you and your Board must assure yourselves that you have in place the appropriate executive, and clinical leadership and engagement to deliver on Government's objectives. I expect all entities to make use of performance or continuous improvement processes such as the Performance Improvement Framework (PIF) formal or self-review methodology. I know that some Crown entities are undertaking self-reviews to guide organisational development.

At my request, the Ministry of Health is planning to update and refresh the New Zealand Health Strategy. Once this process is completed, the Strategy will provide the sector with a clear strategic direction and road map for delivery of health services to New Zealanders into the future. Your contribution to this work will be important.

Specific expectations for PHARMAC

I expect you to:

- work closely with the Ministry, the National Health Committee, clinicians, and in particular the DHB-owned vehicle that will take over responsibility for leading implementation of the HBL business cases, to plan the development and implementation of medical devices work
- continue to work towards budget management of hospital medicines
- continue to communicate and engage proactively with the public and key stakeholders, and, in particular, to manage brand switches and high profile funding decisions carefully
- continue to consult with the sector, to ensure that PHARMAC understands the impact of its decisions on the sector.

Thank you for the support you have shown me to date in the Health portfolio, and for the work you and your team are doing to improve the health and independence of New Zealanders. I look forward to working with you over the coming term.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Jonathan Coleman', followed by a horizontal line.

Hon Dr Jonathan Coleman
Minister of Health

cc Hon Peter Dunne, Associate Minister of Health
Mr Steffan Crausaz, Chief Executive, PHARMAC