

Hon Andrew Little

Minister of Health
Minister Responsible for the GCSB
Minister Responsible for the NZSIS
Minister for Treaty of Waitangi Negotiations
Minister Responsible for Pike River Re-entry



Lead Coordination Minister for the Government's Response to the Royal Commission's Report into the Terrorist Attack on the Christchurch Mosques

31/3/2022

Hon Steve Maharey
Chair
Pharmac
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Tēnā koe Steve

Letter of Expectations for Pharmac for 2022/23

This letter sets out the Government's expectations for Pharmac for 2022/23. As Chair you are accountable to me for meeting these expectations.

The 2022/23 year will be a significant one for the New Zealand health system. Our response to the COVID-19 pandemic will continue to change and evolve over the coming year. Our health system and the wider community have done well so far to adapt and respond to the challenges COVID-19 has presented, and the Government expects our successful response to continue.

I appreciate Pharmac's support of the work on COVID-19 vaccines and immunisation to date. The in-principle decision to transfer responsibility for the ongoing management and purchase of COVID-19 vaccines to Pharmac from 1 July 2022 reflects Government's view of Pharmac's ongoing role as a critical part of the health system, including in its response to the pandemic. I am confident you will work with the Ministry of Health to ensure effective ongoing management of this critical work programme and to achieve the best outcomes for New Zealand and our Pacific neighbours.

We are now two years into responding to the pandemic. I specifically acknowledge and thank you for Pharmac's work to ensure continuity of supply of medicines and medical devices, particularly in the face of global supply disruptions exacerbated by the pandemic. These challenges will continue, and I trust you will continue to manage them well.

You are aware that I have asked the Ministry of Health to progress the Therapeutic Products Bill, aspects of which will affect Pharmac's work. I expect that you will continue to contribute to those developments.

As you know, work on the Government's health and disability system reforms has been progressing throughout 2021/22 with the establishment of the new health agencies and other major changes scheduled for 2022/23, including the establishment of the Ministry for Disabled People. While the Pae Ora (Healthy Futures) Bill may not directly impact on Pharmac's functions, it will be important for you to identify how you may need to adapt to the new environment. As a key player in the system, you will need to continue to maintain and improve services in collaboration with a sector which is facing the challenges of change.

A key question focus for your agency should be on how you can contribute to the overarching system priorities of the reforms, which are:

- embedding Te Tiriti o Waitangi
- laying the foundations for the future system
- keeping people well and independent at home
- achieving equity in system performance
- developing the workforce of the future.

Work is underway in the Ministry of Health and the Transition Unit in the Department of the Prime Minister and Cabinet to refine expectations for the reformed system through the development of the interim Government Policy Statement (iGPS) on health. While Health New Zealand and the Māori Health Authority will be the agencies with primary responsibility for achieving against these priorities, I expect Pharmac will also give effect to the iGPS where relevant to its functions.

As you are aware, I am currently considering the report of the independent review of Pharmac. I will be seeking advice from relevant agencies and the views of my Cabinet colleagues on the report over the next few weeks and will engage with you during this process. I expect that you will take into account the Government's response to the recommendations and respond appropriately as they emerge.

In 2022/23 for the first time Pharmac will hold an appropriation for the national purchasing of pharmaceuticals. This change will of course bring significant challenges in implementing and operating the new system. I will expect you to continue to manage your statutory role of investing in the best possible range of medicines while maintaining expenditure within budget. I expect you to work with the Ministry of Health and fully take account of the Ministry's policy and strategy (where they have been decided) in relation to medicines and to ensure that the new arrangements, including reporting, operate effectively.

I have been pleased to see your progress towards embedding Te Tiriti principles in your work and your commitment to ensuring equity is at the centre. I ask that you continue to ensure your work programmes such as Te Whaioranga support the Government's commitment to upholding the principles of Te Tiriti o Waitangi. *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

As you will be aware, *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. It requires entities 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.

We face complex challenges in the health and disability system that require collective approaches, and I am looking forward to working with you as we continue our efforts to improve outcomes for New Zealanders. Thank you for the work you have been doing to provide strong governance within our health system.

Please note that I do not require you to refresh your Statement of Intent for 2022/23.

Ngā mihi nui

A handwritten signature in blue ink that reads "Andrew Little". The signature is written in a cursive, flowing style.

Hon Andrew Little
Minister of Health

cc Sarah Fitt, Chief Executive, Pharmac, sarah.fitt@pharmac.govt.nz