



# Office of Hon Dr Jonathan Coleman

Minister of Health  
Minister for Sport and Recreation

Member of Parliament for Northcote

14 DEC 2015

Mr Stuart McLauchlan  
Chair  
PHARMAC  
PO Box 10-254  
WELLINGTON 6143

Dear Mr McLauchlan

## Letter of Expectations 2016/17

I am pleased to note the continued contribution that you and your staff are making to the public health and disability system.

Health has consistently enjoyed the largest Budget increases in recent times, but New Zealand's economic environment remains tight. Ongoing prudent financial management by the whole of Government remains a priority, and I expect entities to play their part. It is a challenge to work to improve services while operating under budget constraints, but that is the challenge we all share. Fiscal discipline must be a key focus for Boards, making every dollar count.

Much has been achieved in the sector in recent years, and I look forward to continuing progress. Results matter. I expect you to be able to demonstrate the difference your entity makes, and be prepared 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 require entities to continue to improve their efficiency and effectiveness by working together with other agencies where that is needed to deliver results. 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.

Commitment to on-going performance improvement in the delivery of excellent public services is crucial. You and your Board must be constantly looking for ways to improve how business is done and deliver value for taxpayers' investment in your entity. I require all entities to make use of performance or continuous improvement processes such as the Performance Improvement Framework (PIF) formal or self-review methodology. Where this is not yet being done, I expect entities to make progress in this area during 2016/17.

Openness and transparency in all you do remain important. You should continue to publish non-sensitive performance information on your website, beyond the usual annual reporting requirements.

As you know, consultation on the draft New Zealand Health Strategy has been completed. Once the Strategy is confirmed, this will provide the sector with a clear, fresh, strategic direction and a road map for the delivery of health services to New Zealanders into the future. Where appropriate, this should inform your entity's planning in the coming year, also.

*Specific priorities for PHARMAC*

I expect you to:

- continue to work closely with the Ministry of Health, the National Health Committee, clinicians and Health Partnerships Limited to plan the development and implementation of medical devices work
- when making decisions about medical devices, consider the impact of the medical device across the wider health system and, where appropriate, the need to integrate with other systems at the point of care
- 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
- ensure early consultation and engagement with the Ministry of Health, particularly on the content of policy work programmes and when proposed changes may have an impact on programme management and sector engagements.

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 'J. Coleman', with a long horizontal flourish extending to the right.

Hon Dr Jonathan Coleman  
**Minister of Health**

cc Hon Peter Dunne, Associate Minister of Health  
Mr Steffan Crausaz, Chief Executive, PHARMAC, [steffan.crausaz@pharmac.govt.nz](mailto:steffan.crausaz@pharmac.govt.nz)