Pharmaceutical Management Agency
Te Pātaka Whaioranga

ANNUAL REPORT

for the year ended
30 June 2022

Pūrongo ā-Tau

Presented to the House of Representatives pursuant to Section 150(3) of the Crown Entities Act 2004

PHARMAC
TE PĀTAKA WHAIORANGA

Te Kāwanatanga o Aotearoa
New Zealand Government

Ihirangi

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Te tauaki noho haepapa

Statement of responsibility

The Board of the Pharmaceutical Management Agency (Pharmac) accepts responsibility for:

1. preparing the annual Financial Statements and Statement of Performance and the judgements they contain

2. establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial and non-financial reporting

3. any end-of-year performance information provided by Pharmac under section 19A of the Public Finance Act 1989.

In the opinion of the Board, the Financial Statements and Statement of Performance for the year ended 30 June 2022 fairly reflect the financial position and operations of Pharmac.

Hon Steve Maharey
Chair
9 December 2022

Talia Anderson-Town
Chair, Audit and Risk Committee
9 December 2022

Te pūrongo a te heamana

Chair's report

Tēnā koutou ngā mate rangatira huhua
Tēnā koutou Te Pātaka Whaioranga
Tēnā koutou katoa.

Greetings to you all.

As I introduce the Annual Report for 2021/22 I want to acknowledge my sector colleagues, the leaders and Board members who have come before me, and the skilled and committed staff of Pharmac, Te Pātaka Whaioranga.

There were a number of changes to our Board during the year. I would like to thank those who have moved on for their considerable contributions and welcome the skills and experience of our new Board members.[1]

Pharmac, like all of New Zealand, continues to be affected by the COVID-19 Pandemic. I am proud that we have been able to secure COVID-19 treatments, and we have successfully managed supply issues during a challenging year, ensuring New Zealanders have the medicines and devices they need.

This year heralded great change for the public health and disability system, and we worked across the sector to help prepare for change. New legislation, the Pae Ora (Healthy Futures) Act 2022, came into effect on 1 July 2022.

Pharmac also welcomed the independent Review of Pharmac during 2021/22. We saw this review as helping make a good system better and helping us be as responsive as we can be to the challenges facing our health and disability system. We also saw this Review as an opportunity to show New Zealanders what we do and the value we add. We supported the Review team throughout the year and welcomed their final report and Government's response to it. We have responded with our intentions for implementing the recommendations the Minister of Health agreed with in an additional list of expectations. The review recommendations will help shape our future work.

We estimate 118,747 additional New Zealanders benefited from medicines funding decisions in 2021/22. We made savings of $66.7 million which we were able to invest in new medicines and to offset cost pressures of existing medicines.[2] Access to 16 medicines was widened, and six new medicines were funded.

We were also able to add 14,000 additional medical devices line items to the Pharmaceutical Schedule. We reached our goal of $500 million total value of medical devices under contract. This is intended to help ensure more equitable access to medical devices across New Zealand.

[1] Board members are listed on p 8.

[2] Savings are further discussed on pages 16 and 19.

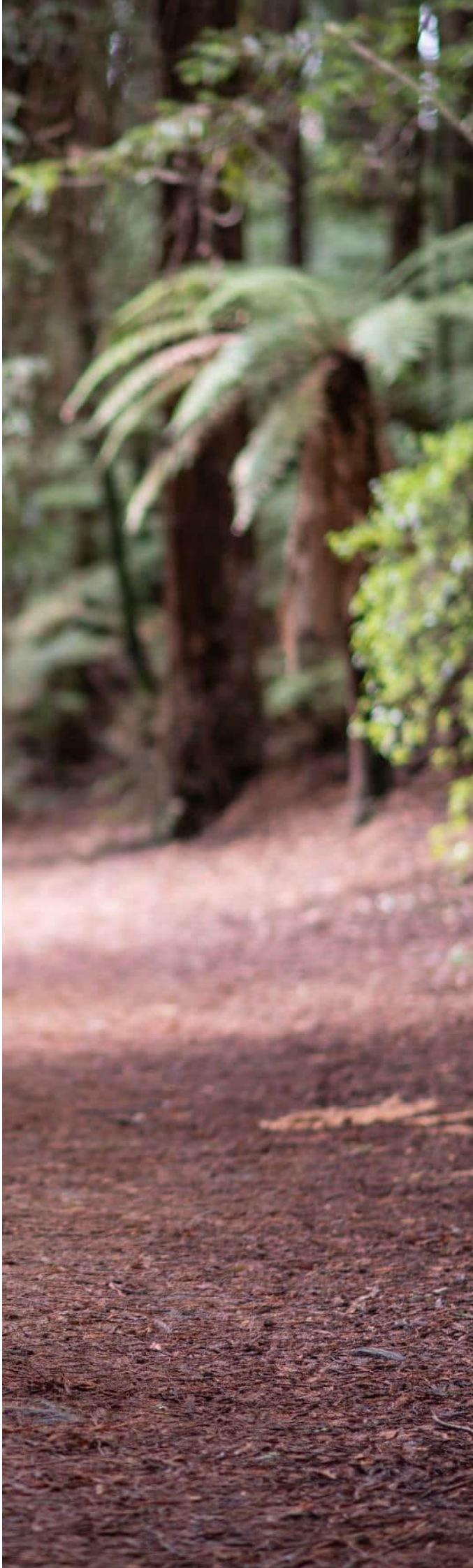
We are committed to playing our part to improve health equity for all New Zealanders. While there is still significant work to do, we will continue to strengthen our work upholding the principles of te Tiriti o Waitangi.
We have increased Māori membership on expert advisory committees. Our Māori Advisory Rōpū is established and is meeting with the Board and CE regularly.

This document reports on the work outlined in the Statement of Performance Expectations 2021/22. This is our second year reporting on the strategic framework introduced in our Statement of Intent for 2020/21 – 2023/24. It is pleasing that during the pandemic and the environment of change brought by the Review of Pharmac and the sector changes underway, we have met most of our performance targets and progressed many new initiatives alongside the continued delivery of our core business.

At the end of 2021/22 we have seen the establishment of Te Whatu Ora – Health New Zealand, Te Aka Whai Ora – Māori Health Authority, Whaikaha – Ministry of Disabled People, and a refined role for Manatū Hauora – Ministry of Health . We look forward to building relationships with these organisations and playing our role in the new-look health and disability system over the coming years.

The Board and I thank the staff of Pharmac for their resilience, expertise, effort, and dedication, which ensure we are an effective and ever-improving organisation as we move into another challenging year.

Hon Steve Maharey
Chair



Ko wai mātou

Who we are

Our purpose and what we do

Our mandate and purpose

Te Pātaka Whaioranga | Pharmac's objective was set out in section 47 of the New Zealand Public Health and Disability Act 2000 (the Act) 'to secure for eligible people in need of pharmaceuticals, the best health outcomes that are reasonably achievable from pharmaceutical treatment and from within the amount of funding provided'. The Act was repealed by the Pae Ora (Healthy Futures) Act 2022 (the Pae Ora Act), with effect from 1 July 2022. Section 68 of the Pae Ora Act continues the same objective for Pharmac.

We manage the Pharmaceutical Schedule

Pharmac helps people live better, healthier lives by deciding which medicines, and related products, should be funded for New Zealanders in a way that is affordable and easy to access. We manage medicines funding in the community and public hospitals. Managing the pharmaceutical schedule includes managing continuity of supply of medicines and related products.

We also manage hospital medical devices through negotiating national contracts – at 30 June 2022 we have 60 percent of medical devices used in public hospitals contracted. In future we will decide which new medical devices will be available for people under the care of public hospitals and we will manage spending within a fixed budget, so we are preparing for this change.

Pharmac is a government health agency, and our identity in te reo Māori, Te Pātaka Whaioranga ('the storehouse of wellbeing'), sums up the part we play in managing and safeguarding health products that are valuable to all New Zealanders.

We manage vaccines in New Zealand

We manage funding, purchasing and distribution of the majority of Government-funded vaccines in New Zealand.[3] This includes all vaccines on the National Immunisation Schedule (NIS), which includes the childhood immunisation programme and the annual influenza vaccine which is free for eligible people.

Vaccination is one of the areas where Pharmac plays a major role in wellbeing by preventing illness from starting or spreading in our communities. We work across the broader health and disability system to do this. In 2021/2022 Manatū Hauora was responsible for overseeing promotion and implementation of the national immunisation programme and monitoring vaccine-preventable disease burden and risk in communities.[4] We work with Manatū Hauora and (in the future) Te Whatu Ora on vaccine responses to local and national outbreaks of disease.

[3] We fund the influenza vaccine for eligible populations but do not distribute it like we do other vaccines. We do not currently fund or distribute COVID-19 vaccines.
[4] From 1 July 2022 this responsibility transfers to Te Whatu Ora.

In the year to 30 June 2022, Pharmac listed the meningococcal B vaccine for close contacts and high risk immunocompromised. Funded access funded access to the influenza vaccine was widened for Māori and Pacific peoples 55- 64 years of age, all children 3 – 12 years of age, and people with serious mental health conditions or addiction.

Decisions were made by the Government in 2021/22 to transfer responsibility for the ongoing management and purchase of COVID-19 vaccines to Pharmac from 1 July 2022. We are working closely with Manatū Hauora, Te Whatu Ora, the Public Health Agency and other health entities on implementation and a new cross-agency collaboration group has been established to support this.

We fund treatments for people with exceptional circumstances

Pharmac may approve funding of a medicine, device or related product for an individual with exceptional clinical circumstances. For example, a prescriber may want to use a treatment that is not funded at all or that is funded for other uses but not for their patient's particular health condition. The main way we make decisions about this is through a process called a Named Patient Pharmaceutical Assessment (NPPA), where a person's doctor puts in a funding application to us.

We promote funded treatments being used in the right way

We promote the responsible use of medicines, devices and related products in New Zealand. This means making sure funded treatments are not under, over, or misused. We do this by providing information and educational material to both health professionals and the public. We are committed to ensuring equitable access to the treatments we fund and to ensuring everyone uses treatments in the best way, so they get the health benefits those treatments offer.

Research

Pharmac has a statutory function to engage in research as appropriate. We are involved in supporting and/or initiating research that supports our core functions and aligns with our strategic priorities. Pharmac collaborates with other agencies and organisations to contribute to research projects that are mutually beneficial, including providing funding and sharing data and information.

Our Board of Directors

Steve Maharey	(MA (Hons), CNZM)	Chair
Claudia Wyss	(BHB, MBChB, MBA Harvard)	Deputy Chair
Nicole Anderson		until 3 December 2021
Ross Lawrenson		until 3 December 2021
Jan White		until 9 April 2022
Anthony Jordan	(BHB, MBChB, FRACP) (Ngāti Wai)	from 4 December 2021
Talia Anderson-Town	(BBS, PG Dip Professional Accounting, CA, CPP (Ngā Wairiki, Ngāti Apa, Ngā Rauru, Ngāti Tūwharetoa, Te Āti Haunui-a-Pāpārangi, Ngāti Kahungungu, Ngāti Maru, Te iwi Mōrehu)	from 23 March 2022
Diana Siew	(PhD)	from 23 March 2022

Elizabeth Zhu (MD) participated in our Board meetings as part of the Institute of Directors future director programme.

Our Chief Executive is Sarah Fitt.

Elizabeth Zhu – Future Director

The Future Directors programme aims to develop the next generation of directors and prepare them to positively transform their organisations, communities, and New Zealand.

The programme provides people with governance potential and ambition the opportunity to participate on a board. It also provides boards with exposure to new talent, ideas and experiences.

Today, Future Directors provides opportunities for aspiring directors on a wide range of boards including NZX and non-NZX listed companies, state sector boards and not-for-profit organisations.

Pharmac has been pleased to host Elizabeth Zhu as a Future Director and has welcomed the contribution of Elizabeth's fresh perspective to Board meetings.

Ngā uaratanga

Our values

Our values guide us to make decisions that create better health outcomes for New Zealanders. They ground our behaviour and influence our thinking, how we work, and who we work with.

Whakarongo

Listen

Āta whakarongo kia puaki te ngākau aroha.
We listen with intent and empathy to understand.

Whakarongo means listening with more than your ears. It involves perceiving with all senses – listening with intent and empathy, listening to understand. To do this well, we must seek out all voices. We must be ready to change our minds when needed, based on what we hear. With whakarongo shaping the way we communicate, people will trust us and know that we will always engage in a meaningful and empathetic way.

Tūhono

Connect

Kōtuitui kia piri, tūhono kia whakatatū te ara tika.
We connect with people, communities, the health system, and each other.

Tūhono means that everything in the universe is connected. It's a warm word that reminds us that relationships and connections are taonga that must be treasured. We combine tūhono with whakatatū, which means coming to an agreement or decision together. To help us find the best way forward for everyone, tūhono reminds us that we must connect with people, communities, the health system, and each other. We must see each other as people first and value tūhono with sincerity and purpose.

Wānanga

Learn together

Ma te māhirahira ka whāwhāki te māramatanga.
We draw on evidence and people's experiences to improve.

To keep growing and changing for the better, we must share our knowledge and ideas. We must be curious and always feed our appetite to learn. We must balance empirical evidence with the unique experiences people share. This way, we can reveal the best way forward. By combining māhirahira (curiosity), whāwhāki (revelation), and māramatanga (insight), we learn together. We wānanga with an open mind.

Māia

Be courageous

Tū te ihiihi, tū te wanawana, tū te wehiwehi.
We challenge ourselves.

Ihi, wana, and wehi are central to māia because challenging ourselves takes courage. These words are used in many haka as they capture the joy and excitement of life. They describe a wonder and gratitude for the world itself. To be courageous, we must be excited about what we can achieve and driven by a greater purpose. Māia ensures we face change with positivity, don't avoid difficult conversations, and continue to challenge ourselves and each other to do better.

Kaitiakitanga

Preserve, protect, and shelter our future

Hāpaitia te mana tangata hei whāriki mō ngā uri whakatipu.
We safeguard wellbeing for New Zealanders, now and for the future.

Kaitiakitanga is core to who we are. Te Pātaka Whaioranga, our te reo Māori name, means the storehouse of wellbeing. Whaioranga describes recovering to good health, and Te Pātaka symbolises the solid and reliable structure that safeguards supplies. For Pharmac, those are supplies of medicines and medical devices. As kaitiaki of Te Pātaka Whaioranga, we play our part to preserve, protect, and shelter the future wellbeing of everyone in New Zealand. We whakarongo, tūhono and wānanga with māia to strengthen Te Pātaka Whaioranga.

Te tahua pūtea o te tau 2021/22

Our funding for 2021/22

Combined Pharmaceutical Budget

The Minister of Health determined that the level of the Combined Pharmaceutical Budget (CPB) for 2021/22 would be $1,085 million. This was an increase of $40 million from the previous year. The Government also provided additional funding in 2021/22 to help manage the impact of COVID-19 on the CPB, particularly supply chain disruptions and cost impacts for existing funded products.

The CPB comprises Government expenditure for medicines dispensed through community pharmacies, vaccines, haemophilia treatments and related products, some health products provided in community settings (such as nicotine replacement therapies), and spending on all medicines that are administered in public hospitals.

In 2021/22 the CPB was distributed to the 20 District Health Boards (DHBs) using a population-based funding formula. Pharmac monitored DHBs' spending on medicines via community pharmacy reimbursement claims and DHB hospital spending. Our role in relation to the CPB is to make decisions about which medicines and related products are funded, monitor and forecast pharmaceutical expenditure, ensuring that the total of all DHB expenditure does not exceed the CPB level set by the Minister of Health.

In 2021/22 we did not hold any funds related to the CPB other than:

1. rebates, which are discounts negotiated by Pharmac, that we collect from pharmaceutical suppliers on behalf of DHBs and then distribute to DHBs, minus any agreed expenses (that is, any medicines that we purchase directly)

2. the Discretionary Pharmaceutical Fund, a small special purpose reserve fund that serves as a budget management tool and allows us to manage unexpected variances in medicines expenditure.

During 2021/22 the Government established a new Vote Health appropriation structure[5]. This saw the establishment of a National Pharmaceuticals Purchasing appropriation from 1 July 2022 which will see Pharmac directly manage the CPB and replaces the previous distributed DHB arrangements. This represents a significant responsibility change for Pharmac for future financial years.

[5] Available at: https://www.treasury.govt.nz/sites/default/files/2022-06/est22-v5-health.pdf

Our operating budget

Our operating budget is used to meet the day-to-day costs of running Pharmac. The operating budget is separate to the CPB, and we cannot use CPB funding to meet our operational costs. We also receive a contribution for some of our operating costs directly from DHBs, and this is used to support sector-wide initiatives to promote the responsible use of medicines in New Zealand.

Budget for COVID-19 treatments

COVID-19 treatments are funded through the COVID-19 Response and Recovery Fund (CRRF) and Vote Health. This is dedicated and ring-fenced funding available for COVID-19 treatments and is separate to the Combined Pharmaceutical Budget (CPB) that Pharmac manages for the funding of pharmaceuticals.

On 25 November 2021, the Government announced funding of $300 million over two financial years (2021/22 and 2022/23) from the CRRF to support the purchase of new COVID-19 treatments.[6] Pharmac can seek further funding from the Government if it is required for COVID-19 treatments.

During 2021/22 Pharmac secured a portfolio of eight COVID-19 treatments, with six available in New Zealand for distribution and use. These treatments cover prevention of disease and treat all severities of COVID-19 illness in hospitalised and non-hospitalised patients. We assessed treatments as soon as information was available and prior to Medsafe approval. We established a COVID-19 Treatments Advisory Group, made up of clinical experts, which helped Pharmac review new evidence as it became available, and their advice informed regular reviews of access criteria. This helped ensure COVID-19 treatments were reaching our most vulnerable populations.

The number of COVID-19 therapeutics purchased by Pharmac and available for treatment of COVID-19 in accordance with guidelines issued by the Manatū Hauora – Ministry of Health was 81,914. Further information about COVID-19 related expenditure is available in the finance section.

[6] Press release available at: https://www.beehive.govt.nz/release/supporting-new-zealanders-recover-covid-19-community

Ō mātou hoamahi

Who we work with

To deliver on our purpose of achieving the best health outcomes for New Zealanders from our investment in medicines and medical devices, we depend significantly on the work of others across the health and disability system.

There are many people and organisations involved in ensuring medicines and medical devices are available and used in New Zealand, and we do our best to connect with, and get the views of, all these groups in the work we do. During 2021/22 this has included:

- companies who manufacture and supply medicines and medical devices to make sure we have a good supply of effective products
- healthcare professionals who prescribe these products so that they have the right information about which medicines and devices are funded and for who
- pharmacists who are medicine experts and who manage stocks of medicines and provide advice to people when they are given a medicine
- a range of other healthcare professionals involved in the administration of medicines and supporting the use of medicines in both hospital and community settings
- health procurement staff to make sure our national contracts for hospital medical devices are suitable and that we understand and plan for the impacts of our decisions
- the Manatū Hauora – Ministry of Health as our Crown monitor and as the health and disability system steward
- other health and government sector partners
- consumers and consumer advocacy groups.

Ngā āhuatanga o te ao mahi

Our operating environment

Independent review of Pharmac

During 2021/22 an independent review of Pharmac was completed. [7] The review focussed on:

- how well Pharmac performs against its current objectives and whether and how our performance against these could be improved
- whether Pharmac's current objectives maximise our potential to improve health outcomes for all New Zealanders as part of the wider health system and whether and how these objectives should be changed.

The final review report was publicly released on 1 June 2022 alongside the Government response to the Review findings.[8] The review committee made a total of thirty-three formal recommendations covering:

- Governance and accountability
- Decision making
- Cancer medicines
- Rare disorder
- Vaccines
- Medical devices
- Promotion of responsible use of medicines.

The Government agreed with many of the recommendations, but not all. The Minister of Health later wrote to Pharmac and asked for our initial actions to implement the Government response, including our highest priorities and areas for early progress in 2022/23, and required our full implementation plan to be submitted in October 2022.[9, 10]

Our immediate actions for 2022/23 will be reflected in our Statement of Performance Expectations[11] and our medium-term strategy and response to the Review will be reflected in our next Statement of Intent for 2023/24 to 2026/27.

Statement of Performance Expectations 2022/23 – Crown Entities Act 2004 requirements

Section 149C of the Crown Entities Act requires Pharmac to prepare a statement of performance expectations before the start of each financial year. Pharmac's Statement of Performance Expectations was finalised on the 27 August 2022. This is a breach of the Crown Entities Act.

Following the publication of the final Independent Review report, and Government's response to the Review findings, the Minister of Health asked Pharmac in June 2022 to ensure that our Statement of Performance Expectations reflected Pharmac's initial actions to implement the Government response.

[7] https://pharmacreview.health.govt.nz/
[8] Available at: https://www.beehive.govt.nz/release/government-response-independent-pharmac-review
[9] 2022-06-16-Minister-Little-Letter-to-Pharmac-re-Letter-of-Expectations.pdf
[10] Our response available at: https://pharmac.govt.nz/about/pharmacreview/
[11] Our SPE 2022/23 is available on our website

Health and disability system changes

In April 2021, the Minister of Health announced substantial changes to the way the health and disability system will be structured and operate. Two new agencies, Te Whatu Ora – Health New Zealand and the Te Aka Whai Ora – Māori Health Authority were established on 1 July 2022. The Minister announced that all 20 DHBs would be disestablished, and Te Whatu Ora will take over the planning, commissioning and delivery of publicly funded health services previously undertaken by DHBs.

Pharmac's role and our relationships with Te Whatu Ora and Te Aka Whai Ora will be part of the implementation of the new health and disability system. We look forward to participating in more detailed systems' development and being part of improving health services for New Zealanders.

Preparation for transfer of activities, and for working closely with other health agencies commenced in the latter part of 2021/22. The Pae Ora (Healthy Futures) Act came into force on 1 July 2022.

He tau anō nō te tau

The year in numbers

Combined Pharmaceutical Budget

3.81 million

Number of New Zealanders receiving funded medicines, medical devices and related products

118,747

Estimated number of additional patients benefitting from Pharmac's decisions implemented in 2021/22[12]

6

Number of new treatments funded

16

Number of treatments with access criteria widened

$1.837 billion

Total gross CPB spending

$1.085 billion

Total net CPB expenditure

$66.7 million

Savings reinvested in medicines, medical devices and related products

[12] Non-covid related

2021/22

Hospital medical devices

14,000

Line items added to the Pharmaceutical Schedule under national contracts

154,000

Total line items on the Pharmaceutical Schedule under national contracts

$99 million

Value of additional hospital medical devices secured under contract

$500 million

Total value of hospital medical devices under Pharmac contracts

He whakarāpopoto o ngā whakapaunga pūtea ki te rongoā

Summary of spending

Combined Pharmaceutical Budget

The Combined Pharmaceutical Budget (CPB) increased from $1,045 million in 2020/21 to $1,085 million in 2021/22. The Government also provided additional funding to help manage the impact of COVID-19.

Summary of CPB investment decisions to 30 June 2022 for implementation in 2021/22

Spending was on budget while the number of treatments available for New Zealanders also increased.

In 2021/22, DHB's combined spending on medicines, medical devices and related products was on budget at $1,085 million. This means that, in total, DHBs spent $1,085 million on both maintaining the supply of treatments we currently fund and purchasing new treatments.

Spending for the 2021/22 year compared with the 2020/21 year

2019/20 ($)	2020/21 ($)	2021/22 ($)	Component
1,646.9 million	1,709.5 million	1,837.6 million	Total gross spending on medicines, devices and related products dispensed in community and medicines used in the hospital setting, including cancer treatments, vaccines, and haemophilia treatments
-625.2 million	-651.8 million	-737.6 million	Rebates and adjustments (part of our commercial agreements with suppliers)
+18.3 million	-12.7 million	-15.0 million	Transfers from/to the CPB Discretionary Pharmaceutical Fund (DPF)[13]
1,040.0 million	1,045.0 million	$1,085.0 million	Total DHBs combined expenditure

[13] This fund is described in more detail on page 11.

In 2021/22, we made decisions to fund 6 new treatments and widen access to a further 16, meaning that more New Zealanders have access to more treatments. This is on top of continuing to fund the medicines that are already funded.

This year saw a 2.78 percent increase in the number of prescription items for medicines, medical devices, and related products compared with last year (2020/21). This means that the total amount of treatments being used in New Zealand is growing. Stats NZ Tatauranga Aoetearoa estimates the population growth rate for New Zealand for the year ended 31 December 2021 was 0.36 percent.[14]

Although the cost of treatments are increasing, we were able to make savings of $66.7 million (compared to $29.5 million in 2020/21) during 2021/22, which we reinvested in more medicines, medical devices and related products.

Increase in numbers of treatments available

Decision type	No. of pharmaceuticals	Estimated new patients 2021/22	Gross spending 2021/22
Widened access*	16	68,635	$2,708,000
New listing**	6	50,112	$9,525,000
Total***	22	118,747	$12,233,000

* Changes in access criteria for existing funded treatments, making such treatments more accessible and/or available for a wider patient population(s)

** Any medicine, medical device or related product not currently listed on the Pharmaceutical Schedule and any new presentations (eg, tablets, infusions, injections) that represent a significant shift in treatment options for patients

*** Excludes temporary access widenings due to COVID-19

Number of treatments Pharmac has funded or widened access to over the 10 years 2012/13–2021/22

Year	CPB ($ Million)	New listings	Widened access	Total
2021/22	1085	6	16	22
2020/21	1045	13	19	32
2019/20	1040	14	32	46
2018/19	985	10	10	20
2017/18	870.8	13	39	52
2016/17	849.6	18	8	26
2015/16	800	15	6	21
2014/15	795	21	20	41
2013/14	795	26	35	61
2012/13	783.6	20	40	60

[14] Available at: https://www.stats.govt.nz/topics/population

Spending highlights

In 2021/22 we widened access to 16 treatments and added 6 new treatments to the Schedule.

Highlights include:

Rosuvastatin

From 1 December 2021, rosuvastatin was funded for people at high risk of cardiovascular disease who have high cholesterol, despite treatment with other funded medicines. Eligibility criteria specifically include Māori and Pacific peoples who can access rosuvastatin as a first line treatment option, because they have a higher risk of cardiovascular disease.

We expect approximately 75,000 people will benefit from the funding of rosuvastatin.

Dulaglutide

In December 2020 we made the decision to fund two new medicines for New Zealanders who are at high risk of heart and kidney complications from type 2 diabetes. Eligibility criteria specifically includes Māori and Pacific peoples.

The first of these medicines, empagliflozin was funded from 1 February 2021. At that time, we announced that dulaglutide would be funded as soon as possible following Medsafe approval.

In August 2021 dulaglutide received Medsafe approval. This means from 1 September 2021, people at high risk of heart and kidney complications from type 2 diabetes had funded access to either empagliflozin or dulaglutide.

Adalimumab

In November 2021 we announced changes to adalimumab funding, widening access criteria and adding new indications.

Adalimumab is used to treat a range of rheumatology, gastrointestinal, dermatological, and other autoimmune conditions. We funded a biosimilar adalimumab (Amgevita). The savings from this decision are being invested elsewhere. We also widened funded access to include specific aspects of Crohn's disease, rheumatoid arthritis, Behçet's disease, and ocular inflammation.

We expect this to improve access to adalimumab for more than 700 New Zealanders.

Zoledronic acid

In March 2022 we announced decisions to widen funded access to zoledronic acid for people with symptomatic hypercalcaemia, people with early breast cancer and prevention of bone loss post spinal cord injury.

We estimate that approximately 1,750 patients will benefit from this decision each year.

Te koronga rautaki

Our strategic direction

Pharmac contributes to the Government's priority of improving the health and wellbeing of New Zealanders and their families. Our strategic direction ensures we deliver the best health outcomes possible from New Zealand's investment in medicines and medical devices.

We set out a new strategic direction in our *Statement of Intent 2020/21–2023/24* that identifies our enduring impact areas, our strategic priority areas, and how we plan to build and strengthen our excellence as an organisation.[15]

Te Tiriti o Waitangi

The text of Te Tiriti o Waitangi, including the preamble and the three articles, along with the Ritenga Māori declaration ("Te Tiriti"), is the enduring foundation of Pharmac's commitment to achieving best health outcomes for Māori in its work[16]. Pharmac works to uphold the articles of Te Tiriti.

The Waitangi Tribunal's 2019 report Hauora: Report on Stage One of the Health Services and Outcomes Kaupapa Inquiry[17] recommends the following principles for a response to Te Tiriti. These principles apply to our work:

Tino rangatiratanga: We recognise and respect the right of Māori to have control over their own health and wellbeing. We support Māori in the exercise of tino rangatiratanga, through self-determination and mana motuhake in the design, delivery and monitoring of our work. We build enduring relationships and partnerships with our Te Tiriti partners.

Equity: Māori are our priority population for all equity work. We consider inequitable access to medicines and poor health outcomes for Māori to be unfair, unjust and avoidable and we actively work to achieve equitable health outcomes for Māori.

Active protection: Alongside our commitment to equity, we are well informed on the extent and nature of Māori health outcomes and what is being done to achieve Māori health equity. We actively protect tino rangatiratanga through increasing Māori participation in governance, leadership, management and decision making at all levels of Pharmac. We ensure mātauranga Māori is given respect in any decision-making process.

[15] For the full statement of intent, see the Key reporting documents webpage on the Pharmac website at: https://pharmac.govt.nz/about/what-we-do/accountability-information/annual-reports-statements-of-intent-and-other-planning-and-reporting-documents/

[16] The Ritenga Māori declaration (often referred to as the 'fourth article') was drafted in te reo Māori and read out during discussions with rangatira concerning Te Tiriti o Waitangi. The Ritenga Māori declaration provides for the protection of religious freedom and the protection of traditional spirituality and knowledge. Te Puni Kōkiri (2001), A Guide to the Principles of the Treaty of Waitangi as expressed by the Courts and the Waitangi Tribunal. Wellington: Te Puni Kōkiri. pp.40-41.

[17] Waitangi Tribunal. 2019. Hauora: Report on Stage One of the Health Services and Outcomes Kaupapa Inquiry. Wellington: Waitangi Tribunal. pp. 163-164.

Options: We deliver for and work with whānau Māori in a sustainable, enduring and culturally appropriate way that recognises and supports the expression of mātauranga Māori.

Partnership: We work in utmost good faith with Māori in the governance, design, delivery and monitoring of our work to ensure our mutual goals are met. We ensure our governance and management structure guarantees we have capability and capacity to deliver on our commitments. We continually broaden our understanding of te ao Māori and build our capability to deliver on all our priorities.

Te rautaki o Te Whaioranga | Māori Responsiveness Strategy

Te Rautaki o Te Whaioranga (Te Whaioranga), our strategy to build partnership with Māori and improve Māori health outcomes, provides a framework to meet our Te Tiriti o Waitangi obligations. It sets out how we aim to work with and support whānau Māori to achieve best health and wellbeing through access to, and optimal use of, medicines and medical devices.

Our work has been shaped and driven by this strategy since 2001 – through different versions – and we know there is much more to do.

Pacific Responsiveness Strategy

Our Pacific Responsiveness Strategy 2017–2026 provides strategic direction and a framework for Pharmac to improve Pacific peoples' health.[18]

Pacific people living in New Zealand experience worse health than other population groups. As part of the health and disability system, we have a role to play to improve this situation – by providing access to new medicines and medical devices and ensuring medicines and medical devices are being used effectively.

The purpose of our Pacific Responsiveness Strategy is to support Pacific people in New Zealand to live healthy lives through improved and timely access to, and use of, medicines and medical devices. The mission of the strategy is for every Pacific person in New Zealand to have access to, and understand the use of, the Pharmac-funded medicines or medical devices they need.

[18] For more information, see the Pacific Responsiveness Strategy webpage on the Pharmac website at: https://pharmac.govt.nz/about/pacific/

Strategic Framework

HEALTH SYSTEM OUTCOMES

- People are living longer in good health
- People have an improved quality of life
- Health equity for Māori and all other people

OUR PURPOSE

- To deliver the best health outcomes from New Zealand's investment in medicines and medical devices
- We uphold the articles of Te Tiriti, advancing Māori health and aspirations, tino Rangatiratanga, partnership, active protection, options, and equity

OUR IMPACT

- Our investment choices enhance wellbeing
- Medicines and medical devices are used appropriately, equitably, and well
- We play a key role in an effective and equitable health system

OUR STRATEGIC PRIORITIES 2020–2024

Enhance key functions
We continuously improve the way we work to deliver maximum value to New Zealanders

Medical devices
We drive better value and more consistent access to hospital medical devices

Equitable access and use
We enable equitable access and use of medicines and related products through influencing availability, affordability, accessibility, acceptability, and appropriateness

Data and analytics
We measure health outcomes and make evidence-informed decisions, using and making available data and insights from a wide range of sources

Public understanding, trust, and confidence
We listen to the views of New Zealanders, and we communicate clearly and simply

Relationships and partnerships
We create strong and enduring partnerships across the health system and beyond

ORGANISATIONAL EXCELLENCE

- Our people are engaged, and supported, and are able to do their work efficiently and effectively
- Our people are enabled with the right ICT tools and capability
- We are future focused and we systematically use performance information to adjust plans and deliver better results

WHAT WE DO

- Make choices and manage expenditure and supply
- Support and inform good decisions about access and use
- Influence through policy, research, and insights

OUR VALUES

- **Whakarongo** Listen
- **Tūhono** Connect
- **Wānanga** Learn together
- **Māia** Be curious
- **Kaitiakitanga** Preserve, protect, and shelter

Ngā whakatutukinga matua o te tau 2021/22

Achievements and performance measures for 2021/22

In Pharmac's Statement of Intent 2020/21–2023/24, we introduced our performance framework. The framework identifies measures at multiple levels.

- Impact measures
- Te Tiriti measures, relating to meeting our Te Tiriti obligations and how we are delivering for, by, and with Māori
- Strategic priority measures
- Output measures, aimed at continuously improving the quality of our core activities and functions
- Measures assessing our organisational excellence.

In the following section, we set out our achievements and the results of our performance measures.

We have compared our results to targets set in our Statement of Intent 2020/21–2023/24 and our Statement of Performance Expectations for 2021/22 comparing this year's results with previous years where-ever possible.

Vote Health non-departmental expenditure

Pharmac is required under the Public Finance Act 1989 to report against a Vote Health appropriation for the National Management of Pharmaceuticals. This appropriation is intended to provide for the operating costs of Pharmac. The performance measures are those included in Pharmac's Statement of Performance Expectations, reported on in this Annual Report 2021/22.

To comply with the obligations under the Public Finance Act 1989, activities undertaken by Pharmac that are funded through Vote Health non-departmental expenditure, we have provided a summary of this appropriation in the table below.

National management of pharmaceuticals

Actual 2021/22 ($000)	Supplementary Estimates 2021/22 ($000)	Appropriation Estimates 2021/22 ($000)	Actual 2020/21 ($000)
25,512	25,512	25,262	25,262

During the 2021/22 financial year Pharmac took responsibility for the acquisition of various pharmaceuticals to aid in the treatment of COVID-19 patient recovery. Pharmac received $114 million from Vote Health and $25m from the CRRF for the purchase of Covid-19 therapeutics – performance information for this funding is reported on p11.

Te whakaine i te pānga o ngā mahi

Measuring our impact

Our investment choices enhance wellbeing

Why this matters

Funding more clinically effective and good-value medicines and medical devices can help New Zealanders live longer and healthier lives. We want to make sure that the choices we make contribute to better health outcomes for individuals and more equitable health outcomes for population groups, particularly for Māori.

Our impact measures help us demonstrate the enduring impacts of our work. In line with the outcome measures, these impact measures help show the extent of our contribution towards people living longer and having an improved quality of life and improved equity.

Health outcomes from our investments (measure 1.1)

SOI target	New measure.
SPE 2021/22 target	Measure developed. Baseline established.
Method	This is a multi-year project aimed at measuring the health outcomes from our funding decisions. Initial work is underway to understand the data available, analytical challenges, and outcomes that can be identified from analysis.
2020/21 result	Our first pilot of the methodology is nearing completion, with a further two pilots planned in 2021/22.
2021/22 result	Pilot one considered a chronic hepatitis C treatment. A draft report has been received for pilot two, concerning levonorgestrel intrauterine systems. Pilot three was deferred.

Uptake of treatments following key investments and brand changes (measure 1.2)

SOI target	New measure.
SPE 2021/22 target	Baseline established.
Method	We have established methodology for key investments. We compare the actual with the expected numbers of patients who will benefit.
2020/21 result	We anticipated 2,029 patients would benefit in 2019/20 from new treatments listed for use in the community. A total of 1,569 actual patients received these treatments during 2019/20 – a difference of 460, mainly attributable to the last quarter (1 April 2020–30 June 2020). This variance is highly likely to have been the result of knock-on impacts from the COVID-19 pandemic, which saw all New Zealanders self-isolating at home from 25 March 2020 until 13 May 2020.
2021/22 result	In 2020/21 we anticipated 35,752 patients (excluding hospital only treatments) would benefit in 2020/21 from new treatments listed for use in the community. A total of 46,079 actual patients received these treatments during 2020/21 – a difference of 10,327, mainly attributable to higher-than-expected uptake of empagliflozin (with or without metformin) and nitrofurantoin. In 2021/22 we anticipated 50,112 patients would benefit in 2021/22 from new treatments listed for use in the community. A total of 27,517 actual patients received these treatments during 2021/22, a difference of 22,595, mainly attributable to a lower-than-expected uptake of dulaglutide. Dulaglutide uptake was impacted by a delayed listing date and the higher-than expected uptake of empagliflozin in the previous year that covers the same eligible population.[19]

[19] Empagliflozin and dulaglutide have the same eligible population (so numbers would be split between these medicines) and this was complicated by the listing dates being split across financial years.

Funding decision time (measure 1.3)

SOI target	New measure.
SPE 2021/22 target	Downward trend.
Method	This measure reports on the average time from a funding application being received to a decision on whether to fund is made. This measure is based on applications that have had a decision made during the 2021/22 financial year (1 July 2021 – 30 June 2022). Application dates are identified from initial receipt. Sometimes applications are incomplete, such that further information may be required before the application can be assessed. This lengthens the time to a decision (the appropriate start time will be reassessed as the methodology develops). We have refined our methodology in 2021/22 to ensure we include only applications recieved within the prior 5 years to a decision being made. So results for the financial year: • 2020/21 = applications received 1 July 2015 to 30 June 2019 and decided in financial year 2020/21 • 2021/22 = applications received 1 July 2016 to 30 June 2021 and decided in financial year 2021/22.
2020/21 result	In 2020/21 we reported the average time taken from application to decision was 40.95 months for applications decided in the 2020/21 financial year. If we apply our stricter methodology of including only applications received in the previous five years, the result is 29 months based on 29 unique decisions which approved 30 applications. In addition, a further 47 unique decisions were made during 2020/21 to decline 48 historic applications.
2021/22 result	The average time taken from application to decision was 27.95 months for applications decided in the 2021/22 financial year. This is based on 17 unique decisions which approved 18 applications. In addition, a further 84 unique decisions were made during 2021/22 to decline 88 historic applications. These have not been included in the calculation of this measure as they were inactive funding applications completed as part of Pharmac's 'close out project'. This aims to give people more clarity about what we may, or may not, fund. This project will continue until all inactive historic applications have been closed or reactivated.

Medicines and medical devices are used appropriately, equitably and well

Why this matters

Patients will have improved health outcomes when medicines and medical devices are prescribed, dispensed, accessed, and used optimally.

We help ensure medicines and medical devices are used in the most responsible way so that they are used when they are needed and not under or over-used. This includes a focus on optimal prescribing, dispensing, access, and the way people use the medicines/medical devices.

Rates of possession of funded treatments (measure 2.1)

Possession was previously referred to as 'adherence'. People can only benefit from treatments if they receive and use them. We have calculated possession rate over time within a specified patient population, for example, diabetics on preventative medicine.[20]

SOI target	New measure.
SPE 2021/22 target	Upward trend.
Method	Possession is measured by the percentage of time, over a two-year period, that a person had a medicine dispensed to them to treat a specific long-term condition. This measure compares the amount of medicine required with the amount actually dispensed. We will continue to refine the methodology.
2020/21 Result	Data from 2019/20 shows overall possession for all long-term conditions being monitored is approximately 40 percent (not needs adjusted). Type 2 diabetes has the highest level of possession across the long-term conditions being monitored (approximately 68 percent) while asthma has the lowest (at approximately 35 percent). Overall, possession increases with age, with people aged 25–44 years only having approximately 40 percent possession, compared with those aged 45–64 years having 64 percent possession and those aged 65+ years having 76 percent possession.

[20] The wording for this measure differs slightly from the published SOI wording. 'Possession' is the more correct technical term.

2021/22 result	Data from 2020/21 shows overall possession rate for gout, cardiovascular disease and type 2 diabetes medicines is approximately 86 percent. This data is not needs adjusted. Type 2 diabetes has the highest possession rate across the long-term conditions being monitored (approximately 87 percent) while Asthma has the lowest (at approximately 42 percent). Overall for the 3 long-term conditions being monitored (gout, cardiovascular disease and type 2 diabetes), possession increases with age, with people aged 20–44 years only having approximately 64 percent possession, compared with those aged 45–64 years having 83 percent possession, those aged 65–74 years having 90 percent possession and those aged 75+ years having 92 percent possession.

Patient experience of medicines (measure 2.2)

Results from two questions from the Primary Care Patient Experience Survey.

SOI target	
SPE 2021/22 target	Upward trend.
Method	Results from the following two questions were included in the Primary Care Patient Experience Survey: Did you follow the instructions when you took the medicine; Was the purpose of the medication properly explained to you? We rely on data reported by the Health Quality and Safety Commission New Zealand (HQSC) for this information.
2020/21 result	In response to the question 'Did you follow the instructions when you took the medication?' 93 percent of respondents answered 'Yes, always'. No recent result has been published for the question 'Was the purpose of the medication properly explained to you?'.[21]
2021/22 result	In 2022 patients were asked "Did the health care professional explain things in a way you could understand?". 92.5 percent answered yes, definitely.[22] The specific questions in our performance measure have not been reported on in recent years.

[21] Last published in 2018 by HQSC in A Window on the Quality of New Zealand's Health Care: 2018, available from the HQSC website at: www.hqsc.govt.nz/assets/Health-Quality-Evaluation/Windows_Document/Window-Jun-2018.pdf
[22] Available at: https://reports.hqsc.govt.nz/APC-explorer/_w_26ff423c/#!/questions

We play a key role in an effective and equitable health system

Why this matters

Pharmac cannot deliver best health outcomes from medicines and medical devices alone – we are part of the wider health and disability system. Working with other agencies, health professionals, and a range of other parties in a joined-up way is essential to ensuring the health and disability system as a whole is effective at getting funded medicines and medical devices to those who need them most.

Positive feedback from system stakeholders (measure 3.1)

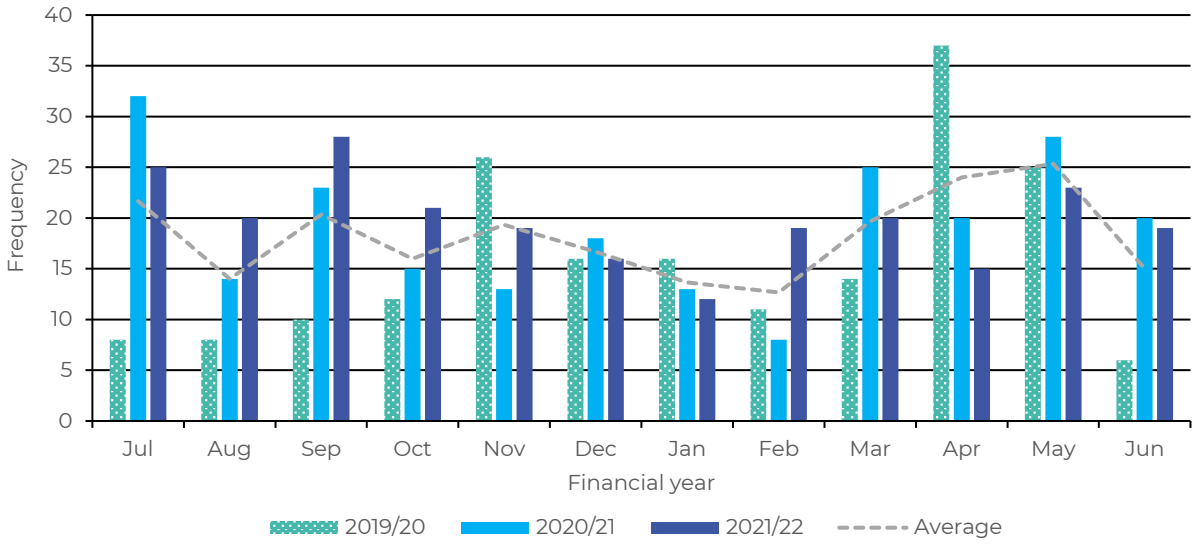
SOI target	New measure.
SPE 2021/22 target	Upward trend.
Method	We will undertake an annual stakeholder engagement survey, in approximately October each year.
2020/21 result	Our stakeholder engagement survey asked the question 'Overall, how would you rate the impact that Pharmac has on the health system and the health of New Zealanders?' In the responses, 47 percent rated Pharmac as being 'very good' or 'good'. If you extend responses to 'somewhat good', then our positive feedback score would be 77 percent.
2021/22 result	50 percent of respondents rated Pharmac as being 'very good' or 'good'. If you extend responses to 'somewhat good', then our positive feedback score would be 69 percent.

High levels of medicines supply are maintained (measure 3.2)

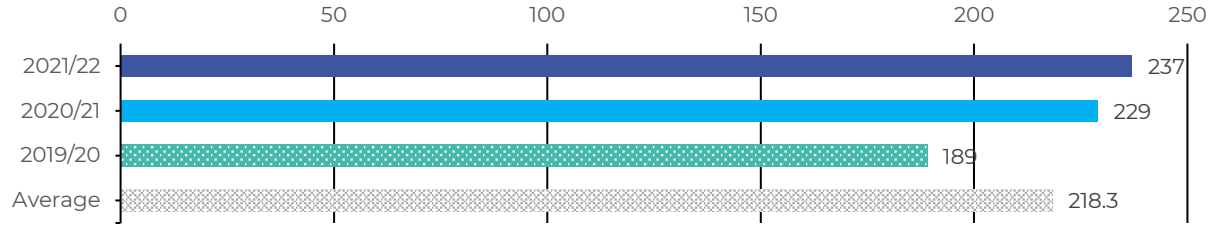
We will respond to all low medicine stock reports and actively manage any stock situations where a supply shortage will have a sustained or irreversible impact on patients' health.

SOI target	New measure.
SPE 2021/22 target	High levels of medicines supply are maintained.
2020/21 result	There were no out-of-stock situations that had a sustained or irreversible impact on the health of patients in 2020/21
2021/22 result	There were no out-of-stock situations that had a sustained or irreversible impact on the health of patients in 2021/22. Pharmac managed 219 supply issues during 2021/22.

Medicine supply issues by month



Total medicine supply issues by year



Supply Issues

A supply issue is a threat or risk to the supply chain which could affect patients receiving their treatment. It could be a delay in shipping, a problem with manufacturing, and/or sourcing the ingredients or packaging needed to make the treatment.

Pharmac managed 219 supply issues for medicines, in 2021/22. None of these issues resulted in a sustained or irreversible impact on the health of patients. There were times where alternative brands or treatments were required to be listed in the Pharmaceutical Schedule to ensure patients received treatment. The largest issue we managed in the 2021/2022 year was in the special foods category where 75 line items were affected by logistics challenges.

Containers were offloaded from a ship in Singapore and Malaysia and the ship originally destined for New Zealand was rerouted to another destination. To help the supplier to secure spots on other ships, we provided prioritisation letters that their freight forwarders could present to international ports and other shipping companies. We liaised with New Zealand ports to prioritise containers when they landed here, and assisted with air freighting products.

We were also able to list alternative products on the Pharmaceutical Schedule so that patients would not go without.

Te Whaioranga

Whāinga tōmua: Te whakatinanatanga o te whaioranga

We understand and support whānau Māori to achieve the best health and wellbeing through access to, and optimal use of, medicines and medical devices; and we uphold the principles of Te Tiriti o Waitangi.

Why this matters

Te Whaioranga – E whakatutuki ana i ā mātou whakaaetanga i raro i te Tiriti o Waitangi

Te Whaioranga, our Māori Responsiveness Strategy, provides a framework for ensuring we meet our Te Tiriti o Waitangi responsibilities and achieve best health outcomes for Māori. Successful implementation of Te Whaioranga requires us to focus on changing our internal processes and systems to ensure we are positioned well to deliver for whānau Māori in a sustainable and enduring way.

The strategy focuses on six areas:

- Te Tiriti o Waitangi
- Māori leadership
- Māori-Crown partnerships
- equity for Māori
- accountability
- building capability and removing bias.

Pharmac's Te Whaioranga focus for 2021/22

What we want to achieve	What we planned to focus on in 2021/22	Our achievements
Uphold and embed Te Tiriti o Waitangi so that it is central to our policies, leadership and processes.	Incorporate Te Tiriti into key policies and professional development.	We began building our leaders capability in critical te Tiriti analysis to support our assessment and decision making.
Strengthened Māori participation in leadership and decision making at all levels within our organisation.	Increased proportion of staff who are Māori experienced in mātauranga Māori and with close ties to whānau (increased trend).	Māori roles on Senior Leadership & Management Teams are in place. Te Whaioranga team increased. We have increased Māori membership on expert advisory committees.

What we want to achieve	What we planned to focus on in 2021/22	Our achievements
We have strong partnerships with Māori and engage, listen to understand and deliver on what we agree.	A Māori Advisory Committee that is engaged on key parts of our work and provides guidance to our senior leaders and board.	The Māori Advisory Rōpū is established and will meet with the Board and CE regularly. A partnership model is being developed.
Accountability for delivering on Te Tiriti obligations.	Measures for meeting our Te Tiriti o Waitangi responsibilities in place.	Board te Tiriti accountabilities have been developed. Senior Leadership Team accountabilities are being developed.
Staff have strong Māori capability, and we identify, address and routinely monitor bias in our systems.	Implement a Māori capability development programme for all staff using Te Arawhiti guidelines. A review of bias in our systems.	Capability framework is completed. Training has commenced in te Tiriti o Waitangi, anti-racism and critical te Tiriti analysis. We are partnering with Auckland University of Technology to progress this.

Te Ropū

This year we have established Te Rōpū, our Māori advisory committee.

Te Rōpū will make a major contribution to our work to improve Māori health outcomes. Te Rōpū will assist us to give effect to Pharmac's commitment to upholding Te Tiriti o Waitangi, and ensure we understand and support whānau Māori to achieve best health and wellbeing through access to, and optimal use of, medicines and medical devices.

We will seek advice and guidance from the Rōpū in the following areas:

- Te Whaioranga | Māori Responsiveness Strategy
- Strategic decision-making
- Policy development and review
- Funding decisions.

Te Rōpū will work closely with the Pharmac Board.

Upskilling Te Pātaka Whaioranga

Pharmac wants to make te Tiriti and Te Ao Māori a fundamental part of everything we do. Te Arawhiti the Office for Māori Crown Relations sets out a framework for organisational and individual capability for Māori Crown relations. Using this, we have been working on getting our own house in order, making sure our people are familiar and comfortable with our role in upholding te Tiriti.

A range of training took place in 2021/22.

- *Te Tiriti o Waitangi, Equity and Health Workshop* - the workshop supported participants to understand the underpinnings of health inequity for Māori and the relevance of Te Tiriti to health provision today. Approximately 40 staff attended.

- *Understanding institutional racism and bias* – Attended by people leaders and the Senior Leadership Team.

- *Critical Te Tiriti Analysis* - this workshop taught the Critical Tiriti Analysis tool to help strengthen Te Tiriti implementation at Te Pātaka Whaioranga. The workshop provided context and need for the tool, outlined what the tool is and how it can be applied when developing and updating policies. Approximately 25 staff attended this workshop.

- *Wall Walk (May 2022)* - This workshop gave participants a greater understanding of historical events between the Crown and Māori and learn how Crown policies impacted tangata whenua. Approximately 116 employees attended this half day workshop.

- *Te Reo* - We have continued to offer beginner and advanced beginner classes in 2021/22 and 2022. These classes are available to all staff to sign up for 1 hour each week.

Te Whaioranga performance measures

Levels of Māori staff (measure 7.1)

Proportion of Māori staff experienced in mātauranga Māori and with strong ties to whānau has increased to match the proportion of Māori in t\he New Zealand population.

SOI target	↑
Method	Pharmac recruitment and Pulse survey information are the sources of data.
2020/21 result	3 percent of Pharmac staff whakapapa as Māori.
2021/22 result	7 percent of Pharmac staff whakapapa as Māori. Stats NZ estimate that, at June 30 2021, a total of 875,300 (17.1 percent of national population) was Māori.[23]

Levels of Māori on Pharmac's Board and advisory groups (measure 7.2)

Proportion of Māori experienced in mātauranga Māori and with strong ties to whānau on our Board, PTAC, PTAC subcommittees and advisory committees.

SOI target	New measure.
Method	Board, committee, and advisory group members will be surveyed annually.
2020/21 result	Pharmac Board = 17 percent PTAC and subcommittees = 2 percent Consumer Advisory Committee = 40 percent Responsible Use Advisory Group = 44 percent
2021/22 result	Pharmac Board = 33 percent PTAC and Specialist Advisory Committees = 3 percent Consumer Advisory Committee = 33 percent Responsible Use Advisory Group = 37 percent

[23] Stats NZ Māori population estimates: At 30 June 2021. Information release. 17 November 2020. Available at: https://www.stats.govt.nz/information-releases/maori-population-estimates-at-30-june-2021

Kia hiwa rā kia hiwa rā. Kia hiwa rā ki tēnei tuku.
Kia hiwa rā ki tēnā tuku. Kia tū, kia oho, kia mataara!

Four Māori pharmacy students received prestigious scholarships

Four pharmacy students were been awarded the Hiwinui Heke Māori Pharmacy Student Scholarship, joining the prestigous Hiwinui Heke scholarship alumni. The scholarship supports Māori pharmacy students studying toward their Bachelor of Pharmacy degree and promotes pharmacy as a career path for Māori.

Te Pātaka Whaioranga wants to support whānau Māori to achieve best health and wellbeing through access to, and optimal use of, medicines and medical devices. We are proud to continue to support enabling Māori who have chosen to pursue a career in pharmacy through this scholarship.

The Hiwinui Heke Scholarships have been awarded annually since 2008 by Te Pātaka Whaioranga Pharmac and Ngā Kaitiaki o Te Puna Rongoā o Aotearoa, the Māori Pharmacists' Association.

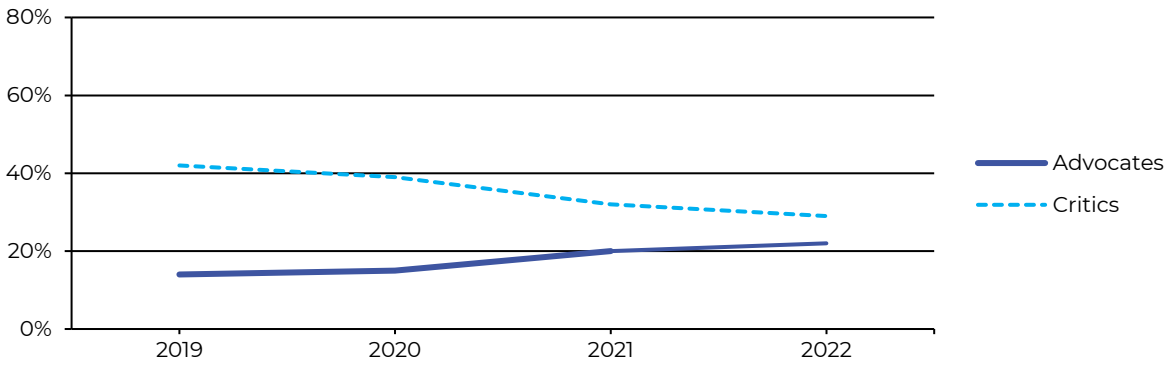
Image above: Te Awanui Waaka (L) and Trevor Simpson, Chief Māori Advisor (R) hongi

Māori trust and confidence in Pharmac (measure 8.1)

Public Sector Reputation Survey results for Māori sample.

SOI target	↑
Achieved	Increase in number of advocates.
Method	We use the results from the annual Public Sector Reputation Index to measure trust in Pharmac. We aim to increase our score each year. The Public Sector Reputation Survey is produced annually. The 2022 survey covered 55 public sector agencies.
2020/21 result	There was an increase in number of advocates and a decline in number of critics.
2021/22 result	There was an increase in the number of advocates (22 percent) and a decline in the number of critics (29 percent).

Māori trust in Pharmac, 2019–2022



Improved rates of Māori accessing funded medicines and medical devices (measure 9.1)

See also measures for Strategic priority – Equitable access and use.

SOI target	New measure.
Method	This measure relies on information published by the Manatū Hauora – Ministry of Health concerning the burden of disease.
2020/21 result	This is a new measure. We have established the methodology. However, the data we expected to use was not available – the dataset has not been updated by the Manatū Hauora – Ministry of Health for some time.[24]
2021/22 result	Data remains unavailable.

[24] Data is sourced from the Manatū Hauora – Ministry of Health . The most recent update available from the Global Burden of Disease Study provides important insights into the health of New Zealanders. Available at: www.health.govt.nz/news-media/news-items/global-burden-disease-study-provides-important-insights-health-new-zealanders

Pharmac Board, leadership, and staff have clear performance and accountability expectations for meeting Te Tiriti obligations and are meeting these expectations (measure 10.1)

Proportion of conversations about performance plans that specify Te Tiriti accountability expectations.

SOI target	New measure.
Method	Te Tiriti o Waitangi accountabilities will be developed for all staff.
2020/21 result	Te Tiriti o Waitangi accountabilities have been developed for the Board. This will flow down to the Senior Leadership Team and then to all staff.
2021/22 result	We are currently reviewing all job descriptions for accountabilities which include Te Tiriti o Waitangi.

Organisational Māori capability (measure 11.1)

Assessment against Te Arawhiti cultural capability framework.

SOI target	New measure.
Method	We have developed a capability framework using the Te Arawhiti framework as a guide. Assessment using the framework will be completed in 2021/22.
2020/21 result	Methodology developed in 2020/21.
2021/22 result	We are reviewing all job descriptions for accountabilities which include Te Tiriti o Waitangi. Board and Senior management accountabilities have been updated.

Our strategic priorities

Our six strategic priorities represent the areas where we are concentrating our efforts.

These are:

- enhance key functions
- medical devices
- equitable access and use
- public understanding, trust, and confidence
- data and analytics
- relationships and partnerships.

Strategic priority measures

Our strategic priority measures help us demonstrate the performance of each of our strategic priorities.

Te whakapakari ake i ngā mātou kawenga mātua

Enhancing key functions

We continuously improve the way we work to deliver maximum value to New Zealanders.

Why this matters

The New Zealand public depends on us to manage our core business to a high standard – investing in new medicines, devices and related products, making savings to enable more investments and ongoing funding of treatments, promoting the responsible use of medicines, and reducing the incidence and impact of stock shortages.

Enhance key functions focus for 2021/22

What we want to achieve	What we planned to focus on in 2021/22	Our achievements
Revise how we make funding and procurement decisions to ensure they reflect our Treaty obligations, societal preferences, and the Government's priorities for Pharmac.	Develop evaluation criteria for our procurement activities that would move us toward more sustainable and environmental outcomes. Undertake a business process review of how we assess and make funding/procurement decisions for medicines and begin to implement some changes.	A path forward on improving our packaging preferences to support pharmacy efficiencies and environmental sustainability has been identified. Packaging preferences were included for a selection of products in the 2021/22 Invitation to Tender. Work is underway to produce a request for information to better understand opportunities to reduce packaging wastage with a specific focus on blister packaging. Process improvement work focused on improving the conduct of Budget Impact Analysis , the length of Technology Assessment Reports, drafting of Clinical Advice Papers, and conduct of tender clinical advice meetings.
Establish a more systematic approach to ensuring the	Develop standards for the use of funding restrictions in the Pharmaceutical Schedule.	A draft access criteria policy has been developed and work is underway to develop supporting standards.

What we want to achieve	What we planned to focus on in 2021/22	Our achievements
responsible use of Pharmaceuticals.	Undertake a pilot clinical audit to improve our understanding of what barriers are preventing access to funded medicines.	An initial audit, of insulin pumps, has been completed, and the results are being incorporated into a review of the Special Authority criteria.
Improve how we plan and execute our commercial activities.	Design new tools and commercial strategies for assessing and managing funded medicines and products.	This initiative has been deferred into the 2022/23 year.
Improve our management of Pharmaceutical Schedule business risks and uncertainties.	Complete our work to implement changes to increase our resilience to interruptions to the pharmaceutical supply chain.	We were unable to progress this initiative due to unavailability of health sector partners.
	Finalise our emergency management planning and implement a training programme for staff, to ensure we are better able to respond to consumer and health sector needs during civil defence and public health emergencies.	A draft Emergency Management Plan has been developed and work is underway to operationalise the recommendations.
Enhance key enabling information systems and funding mechanisms.	Implement changes/upgrades to at least one core system.	Background work has been completed for upgrading pharmaceutical schedule systems.

Enhance key functions performance measures

Efficiency of decision making (measure 15.1)

Refer to Our outputs: Output one performance measures, timeliness of funding decisions, timeliness of exceptional circumstances decisions, and timeliness of publishing PTAC and subcommittee records (measures 4.1,4.2, and 4.3).

Perceptions of process efficiency (measure 15.2)

SOI target	New measure.
Method	We will undertake a survey of our staff every six months. We will report on the responses to the statement 'Pharmac's processes are efficient'.
2020/21 result	June 2021 – 60 percent.
2021/22 result	The percentage of our staff who 'always' or 'usually' rate our processes as efficient in June 2022 was 62 percent.

Stakeholder experience (measure 15.3)

Method	We will undertake an annual stakeholder engagement survey. We will report on the responses to the statement 'Pharmac effectively manages changes to funded brands of medicines'.
2020/21 result	34 percent of stakeholders rated Pharmac as being 'very good' or 'good'. If you extend responses to 'somewhat good', then the positive feedback score is 53 percent.
2021/22 result	62 percent provided a top-three rating (good). Managing changes to supply is a critical issue for many stakeholders: • Stakeholders are somewhat mixed in their view of how well Pharmac manages changes to funded brands of medicines, with 32 percent providing a bottom-three rating (poor) versus 62 percent providing a top-three rating (good), although these figures are slightly more positive than 2020 where 40 percent gave a bottom-three rating and 52 percent gave a top-three rating. • Stakeholders are relatively positive about Pharmac's ability to maintain and monitor the supply of medicines (40 percent 'good' or 'very good') although fewer of them are able to rate Pharmac's performance around managing device supply (48 percent 'don't know').

Ngā pūrere hauora

Medical devices

We drive better vaue and more consistent access to hospital medical devices.

Why this matters

Publicly funded medical devices for use in hospitals and their specialist community services, covers a wide range of products and equipment and includes consumable products, implants, and complex equipment. Medical device procurement and usage decision was often managed at a local, or sometimes regional level. This meant that patients and clincians may have variable access to different medical devices, depending on where they live or work. It also meant that limited consistent information was available nationally about what medical devices are being used in public hosptials.

Pharmac is working with Te Whatu Ora on improving information availablity, process transparency and nationally consistent access to medical devices. Pharmac's growing role in managing a list of devices that Te Whatu Ora make choices from will support more sustainable spending on medical devices to free up funding for new technology, addressing inequities or other health initiatives.

Medical devices focus for 2021/22

What we want to achieve	What we planned to focus on in 2021/22	Our achievements
Progress our work to build a national list of medical devices used in DHB hospitals.	Secure at least $500 million of DHB spend under national contract by the end of the financial year.	Agreements covering $500 million of DHB Hospital expenditure were completed during 2021/22. All medical devices under these agreements were listed publicly on the Pharmaceutical Schedule, and consultation was undertaken before most agreements were finalised. Agreements that were transferred from New Zealand Health Partnerships were not consulted on, as they were essentially unchanged.
A high level of transparency around our contracting decisions.	Monitor and report to DHBs on current market share procurement contracts.	DHB reporting has been completed for the market share agreements for 2021/22.
Over time, improved value for money from hospital medical devices spend in terms of patient benefit per dollar.	Develop processes and supporting capabilities for our assessment and decision-making about which new medical devices may be used by DHBs.	Developed an outline of efficient and effective end to end decision-making processes that includes options for seeking wider perspectives earlier and increasing the understandability of information to support this.
DHBs will be supported to manage growing expenditure on medical devices in a more sustainable way, with a greater focus on health benefits for patients.	Plan for the transition to a nationally managed list of hospital medical devices. Planning for shifting collaboration with DHBs to national health agencies.	Collaborated with health agencies leaders on the approach to our work including with the Strategic Medical Devices Advisory Group established in 2020/21. Established key relationships with new sector partners to further collaborate on the development and integration of new ways of working across health and disability system. Set milestone to complete building the medical devices list and more comprehensively manage it by 2025.

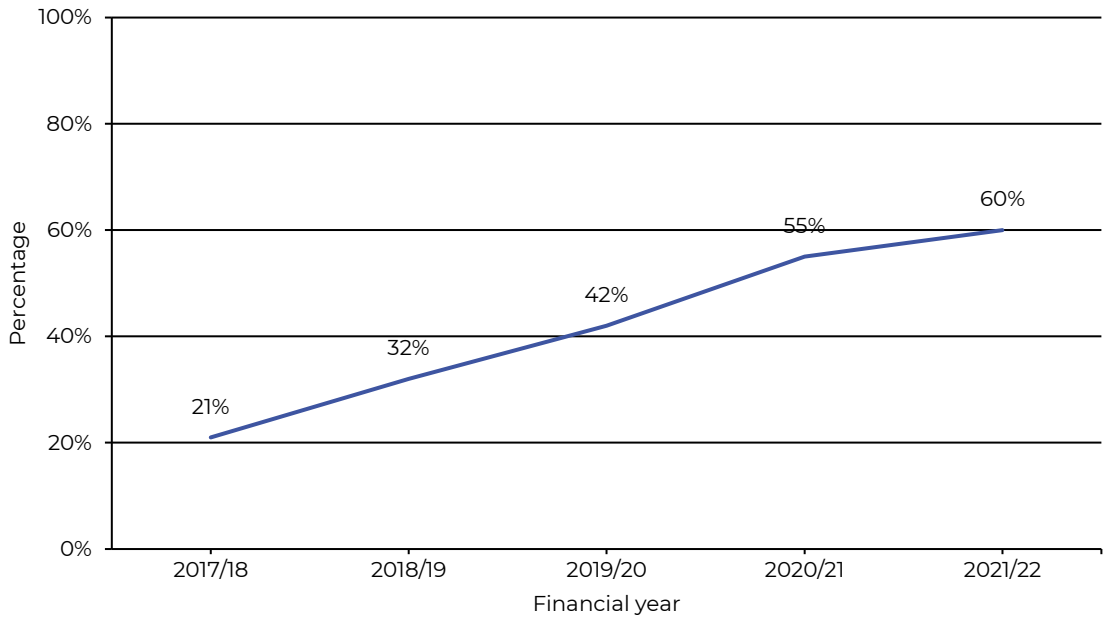
Medical devices performance measures

Completion of initial national contracting (measure 16.1)

Percentage of national contracts complete – upward trend.

Method	We measure the increase in the proportion of medical devices purchased by DHBs under national agreement with Pharmac. We count groups of devices received from a supplier that has been contracted by Pharmac for the first time compared with how many groups of devices we think we still have left to contract.
2020/21 result	There was an increase in the proportion of supplier categories that are now contracted with Pharmac, with completed contracts increasing from 21 percent in 2017/18 to 55 percent in 2020/21.[25].
2021/22 result	Completed contracts at the end of 2021/22 are 60 percent.

Proportion of supplier categories contracted with Pharmac, 2017/18–2021/22



[25] Performance measure 16.1 measures the estimated number of contracting events against the number completed (55 percent). In 2020/21 we measured our spend under agreement against the estimated total spend (62 percent).

Kia rite tahi te whai wāhi atu

Equitable access and use

We enable equitable access to medicines and related products by influencing availability, affordability, accessibility, acceptability, and appropriateness.

Why this matters

Research shows large and ongoing inequities in access to medicines. Māori, Pacific peoples, and some other groups experience significant barriers in accessing and using the funded medicines that are available.

The focus of this strategic priority is on closing the equity gaps for medicines and related products we already fund. The strategic priority also supports work around improving equity within the medical devices strategic priority. Delivery of equitable access to medicines is linked to Te Whaioranga.

Equitable access and use focus for 2021/22

What we want to achieve	What we focussed on in 2021/22	Our achievements
Enhance the equity capability of our clinical advisory committees	Review the results from the equity capability assessment of the first set of clinical advisors. Develop, and commence programme options to enhance the equity capability of the clinical advisors. Implement equity capability development programme for clinical advisors.	Developed and piloted equity capability self-assessment tool with our Pharmacology and Therapeutics Advisory Committee. Reviewed the results and designed a learning support and resources package. Completed planning for roll out of the tool to remainder of our clinical advisor network.
Track and monitor equity gaps in medicines use, and other contributing factors, to identify trends and gaps across the health and disability system.	Enable systemised generation of medicine access data insights for priority conditions for Māori and Pacific peoples. Enable access to medicine access data insights by District Health Boards and other health sector users.	Developed internal generation of medicine access population level measures. The Medicines Access Equity Monitoring and Outcomes Framework has now been published online. This methodology has been used to produce two insight reports on the inequities experienced by Māori and Pacific peoples with gout and the role that medicines play in treating this condition.

What we want to achieve	What we focussed on in 2021/22	Our achievements
		A Qlik Sense® dashboard has been produced to enable staff to look at different aspects of equity of access to medicines like age, gender or district health board.
Address inequitable access to medicines for priority clinical conditions in partnership with others where appropriate	Develop and implement medicine access action plans for up to 2 priority clinical conditions for Māori and Pacific peoples. Develop and deliver access equity-focussed clinical education support to primary care health professionals.	Our focus for the year was gout. Commissioned updated gout patient resource 'Change your life' (in English, Samoan and Tongan). Commenced collaboration with the Health Quality & Safety Commission Manatū Hauora – Ministry of Health 's Long Term Conditions team for a more cohesive programme to approach gout across the whole health sector. Contributed to Manatū Hauora – Ministry of Health policy advice to contribute to system level changes, such as prescription co-payments. Provided equity focussed clinical education and prescribing dashboard to primary healthcare through He Ako Hiringa resources.
Promote equitable access to medicines and medical devices for Pacific peoples.	Continue to implement stage two (supporting growth) of our Pacific Responsiveness Strategy. Build our organisational capability to engage effectively with Pacific peoples.	Publication and dissemination of Pacific peoples health – gout data Insights report in April 2022. Partnering with Tupu Toa graduate intern pathway to support the growth of Māori and Pacific talent in the public service workforce Establishing Malae Te Manaaki Pacific Series – Pharmac's Pacific health leadership and capability programme Growing Māori and Pacific membership of our expert advisory committees (eg RUAG, CAC) Deepening our understanding and application of Māori and Pacific peoples' data sovereignty principles in our work.

Equitable access and use performance measures

Equity capability of clinical advisory network (measure 17.1)

Proportion of clinical advice network who rate their equity capability as high or very high.

SOI target	↑
Method	An equity capability assessment tool has been developed. The tool enables consideration of five key domains of equity capability: • Advocacy for health equity • Knowledge and application of Te Tiriti o Waitangi • Knowledge and application of hauora Māori, Māori world views, tikanga, and reo Māori • Structural determinants of inequity experienced by priority population groups • Ongoing development of a critical consciousness. The following descriptors of equity capability have been used: • **Mauri oho:** This signifies an awakening or raising of awareness and understanding and early stages of the development of (primarily theoretical) knowledge. • **Mauri tū:** This indicates that advisors are actively putting into practice behaviours and actions that support and promote equity. • **Mauri ora**: This signifies that advisors are normalising and habitualising equity-promoting practices and that these have become embedded. It does not signal an 'end point' but indicates that advisors are continuing to pursue advancement and growth.
2020/21 result	Across all five domains, the average capability rating sits above mauri oho, signifying that, on average, advisors have a developing awareness, understanding, and knowledge across all domains.
2021/22 result	Due to the pandemic, few Advisory committees were able to meet in person during 2021/22, and we were unable to progress the use of the equity capability assessment tool.

Possession rates – Māori, Pacific peoples and non-Māori, non-Pacific peoples (measure 17.2)

Possession (previously called adherence) is measured by the percentage of time over a two-year period that a person had long-term medicine for a specific condition. An upward trend is desirable.

SOI target	Trend – gap closing.
Method	This measure compares the amount of medicines required by population groups with the amount actually dispensed. We have measured the total amount of medicines dispensed annually to treat type 2 diabetes (2021), and gout (2022) comparing Māori and Pacific peoples with non-Māori, non-Pacific peoples. Some people will have been dispensed enough medicine to treat their condition, while others may not have had enough to take regularly. Therefore, we have averaged the amounts across the entire group. The data source is the Pharmaceutical Collection as analysed by Pharmac.[26] Other conditions will be considered as data is available.
2020/21 result	In 2018/19, Māori and Pacific peoples living with type 2 diabetes were on average dispensed 80[27] percent of the amount of long-term medicine they would have needed to manage their condition. Non-Māori, non-Pacific peoples were dispensed 91[28] percent. The equity gap between rates for non-Māori, non-Pacific peoples and Māori and Pacific peoples has remained static from 2014/15 to 2018/19.
2021/22 result	In 2019/20 Māori living with type 2 diabetes were, on average, dispensed 80 percent of the amount of long-term medicine they would have needed to manage their condition.[29] Pacific peoples were dispensed 79 percent and non-Māori, non-Pacific peoples were dispensed 90 percent of the amount of long-term medicine they would have needed to manage their condition. This year we have also provided data for gout medicines which show a persistent equity gap over this period. Possession rates of gout medicine is noticeably lower than possession rates of medicines for type 2 diabetes. People with diabetes have organised care and management through an annual diabetes review, while gout is treated and managed episodically. This difference in model of care for gout may be contributing to the overall lower possession rates for gout medicines. For further insights on gout see (gout insights impact on Māori and gout insights impact on Pacific peoples).[30] Note: the reduction in possession observed in 2019/20 is expected to be due to COVID-19.

[26] Available from the Pharmaceutical Collection webpage on the Manatū Hauora – Ministry of Health website at: www.health.govt.nz/nz-health-statistics/national-collections-and-surveys/collections/pharmaceutical-collection. We also access diabetes data from the Virtual Diabetes Register (VDR) webpage on the Manatū Hauora – Ministry of Health website at www.health.govt.nz/our-work/diseases-and-conditions/diabetes/about-diabetes/virtual-diabetes-register-vdr. Since this is only updated from March to April each year for the previous calendar year, it impacts on our reporting period for diabetes.
[27] Results differ to those published last year due to a code review identifying an error with the calculation.
[28] Results differ to those published last year due to a code review identifying an error with the calculation
[29] We use the most up to date available at the time of reporting. Type 2 diabetes figures rely on an update to the virtual diabetes register (https://www.health.govt.nz/our-work/diseases-and-conditions/diabetes/about-diabetes/virtual-diabetes-register-vdr) and this is updated once a year for the period Jan to Dec.

[30] Available at Medicine access equity monitoring and outcomes framework - Pharmac | New Zealand Government

Access rates – Māori, Pacific peoples and non-Māori, non-Pacific peoples (measure 17.3)

SOI target	Trend – gap closing.
Method	This measure looks at the number of Māori and Pacific peoples starting medicines, adjusted according to the level of need compared with non-Māori, non-Pacific peoples for these treatments. We have age-standardised our estimates, which means that any differences in age profiles are adjusted so populations can be directly compared. For more detail see our medicine access equity monitoring and outcomes framework.
2020/21 Result	An estimated 3,700 Māori people living with type 2 diabetes did not have the medicines they needed to treat their condition. This equates to an extra 12 percent of the individuals treated for type 2 diabetes in 2017/18.[31]
2021/22 result	Our research completed in 2021/22 found that in 2019/20, there were 33,000 Māori (30,000 Pacific peoples) taking diabetes medicine to treat type 2 diabetes. In that year, a total of 2,200 Māori (2,000 Pacific peoples) started treatment for type 2 diabetes for the first time, but based on need, we would expect another 2,200 Māori (420 Pacific peoples) to have started in that year. So, an estimated 2,200 Māori people living with type 2 diabetes did not have the medicines they needed to treat their condition. This equates to an extra 7 percent of the individuals currently treated for type 2 diabetes in 2019/20.[32] In contrast an estimated 11,200 Māori people (10,100 Pacific peoples) living with gout did not have the medicines they needed to treat their condition. This equates to an extra 45 percent of Māori (57 percent Pacific peoples) individuals currently treated for gout in 2020/21. The decline in 2019/20 is in part due to the impact of the COVID lockdowns on people starting treatment for gout.[33]

[31] This result was produced in June 2021. At that time the latest version of the Virtual Diabetes Register ran to the end of the 2018 calendar year. We use the Virtual Diabetes Register to determine the number of people with type 2 diabetes. We have therefore been unable to produce results beyond the 2017/18 financial year. We expect to be able to produce additional years as more data becomes available. The most recent version of the Virtual Diabetes Register (VDR) can be found from the Manatū Hauora – Ministry of Health website at: www.health.govt.nz/our-work/diseases-and-conditions/diabetes/about-diabetes/virtual-diabetes-register-vdr

[32] This result was produced in June 2022. At that time the latest version of the Virtual Diabetes Register ran to the end of the 2020 calendar year. We use the Virtual Diabetes Register to determine the number of people with type 2 diabetes. We have therefore been unable to produce results beyond the 2019/20 financial year. We expect to be able to produce additional years as more data becomes available. The most recent version of the Virtual Diabetes Register (VDR) can be found from the Manatū Hauora – Ministry of Health website at: www.health.govt.nz/our-work/diseases-and-conditions/diabetes/about-diabetes/virtual-diabetes-register-vdr.

[33] -A window on quality 2021: COVID-19 and impacts on our broader health system – Part 1 | He tirohanga kounga 2021: me ngā pānga ki te pūnaha hauora whānui – Wāhanga 1 https://www.hqsc.govt.nz/assets/Our-data/Resources/COVID-Window-2021-final-web.pdf.

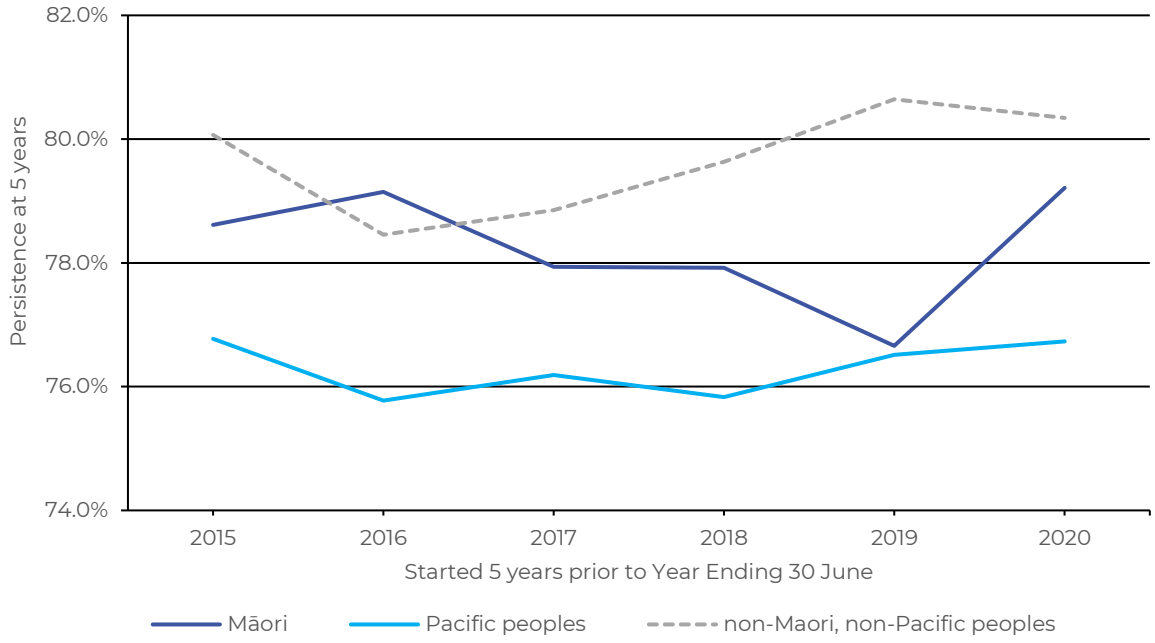
Persistence rates – non-Māori/Māori (measure 17.4)

SOI target	Trend – gap closing.
Method	Treatment for type 2 diabetes and gout is usually long-term and once started should be taken for the remainder of a person's life. Our persistence measure looks at the proportion of people who start on long-term medicine to treat type 2 diabetes or gout and who are still being dispensed at least one of those medicines five years after starting. Note: The data is collected but not analysed to understand the reasons behind the differences. Other conditions will be considered as data becomes available.
2020/21 result	Data, for people with type 2 diabetes, shows that there is a significant difference between Māori and Pacific peoples and non-Māori, non-Pacific peoples.[34]
2021/22 result	The cohort of people with type 2 diabetes who started in 2014/15 (shown as people at 2018/19 after 5 years) have a change in trend from the other years shown particularly for Māori and non-Māori, non-Pacific peoples. There is a noticeable increase in people starting diabetes treatment in 2014/15. This coincided with primary health organisations being expected to have undertaken a cardiovascular risk assessment (which included a diabetes test) for 90 percent of their eligible population by 30 June 2015[35]. For Māori, as this was a younger population starting compared to other years, less of this population continued treatment after 5 years. The decline in persistence observed for gout medicine, is in part due to a younger population being identified and initiated on treatment and more work is needed to ensure they engage with their medicine long term.

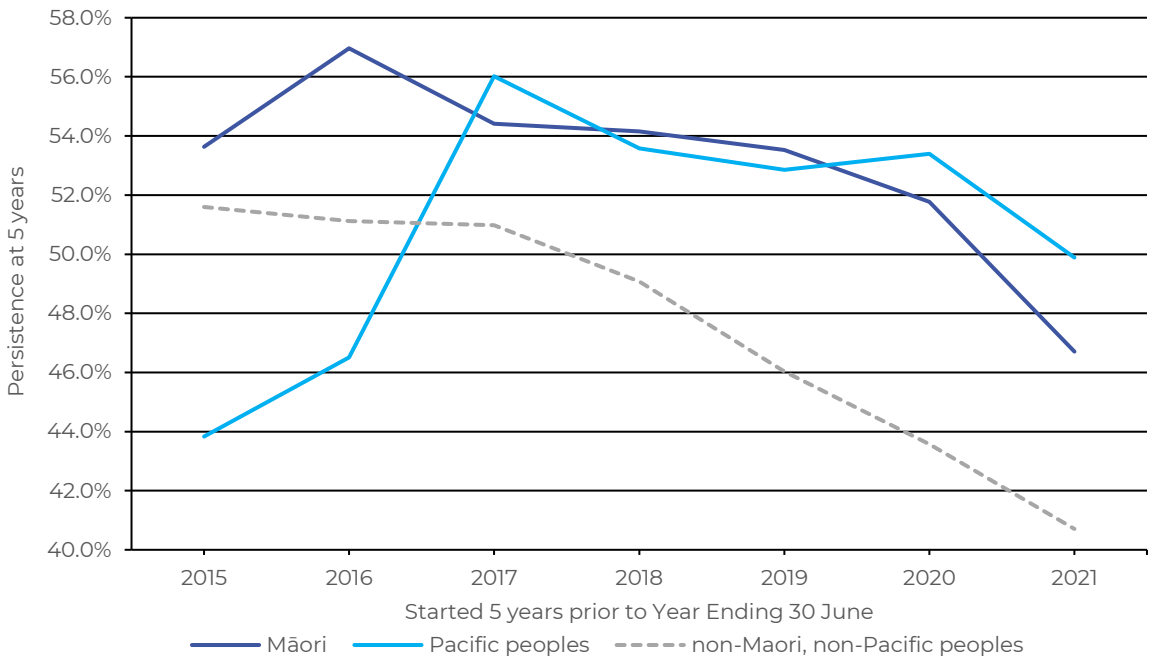
[34] This is the most recent data available. Source: the Pharmaceutical Collection available from the Manatū Hauora – Ministry of Health website at: www.health.govt.nz/nz-health-statistics/national-collections-and-surveys/collections/pharmaceutical-collection, the Virtual Diabetes Register available from the Manatū Hauora – Ministry of Health website at: www.health.govt.nz/our-work/diseases-and-conditions/diabetes/about-diabetes/virtual-diabetes-register-vdr, and the National Minimum dataset (hospital events) available from the Manatū Hauora – Ministry of Health website at: https://www.health.govt.nz/nz-health-statistics/national-collections-and-surveys/collections/national-minimum-dataset-hospital-events.

[35] Obesity and diabetes in New Zealand https://www.parliament.nz/en/pb/research-papers/document/00PLLawRP2014041/obesity-and-diabetes-in-new-zealand.

Persistence rates for people on long-term medicine for type 2 diabetes, Māori, Pacific peoples, non-Māori non-Pacific peoples, 2015/16–2019/20



Persistence rates for people on gout medicine, Māori, Pacific peoples, non-Māori non-Pacific peoples, 2016/17–2020/21



Kia mārama, kia whakapono, kia tū māia te iwi whānui

Public understanding, trust, and confidence

We listen to the views of New Zealanders, and we communicate clearly and simply.

Why this matters

We make decisions that affect the wellbeing of all New Zealanders. They need to have confidence that we are making the best investment decisions we can with the funds available and that we are responsive to their views about health needs. If New Zealanders understand what we do and how we do it and feel like we are listening, then their trust and confidence is strengthened.

Public understanding, trust, and confidence focus for 2021/22

What we want to achieve	What we planned to focus on in 2021/22	Our achievements
We listen, understand, and respond to the needs of New Zealanders.	Implement year 1 actions of our social media strategy to increase our social media presence.	We focussed on use of social media channels, with good uptake and engagement on our content.
We communicate well and understand the information people need and when they need it.	Improve process for external enquiries including complaints.	We completed and launched a complaints process to give the public a direct channel to raise complaints and enable us to learn and improve from the feedback.
We share the contribution Pharmac is making to the health sector and everyday New Zealanders - the Pharmac model is well understood and receives a high-level of external endorsement and support.	Enhance the functionality of the online Pharmaceutical Schedule.	The Pharmaceutical Schedule was moved online and as part of ongoing enhancements, changes have been made to make it easier to use including enhanced usability on mobile devices. Our website has been continuously improved and updated.
Pharmac makes better informed decisions by incorporating consumer voices.	Continue to strengthen the role of consumers in our advisory committees.	We progressed the appointment of consumer members to PTAC.

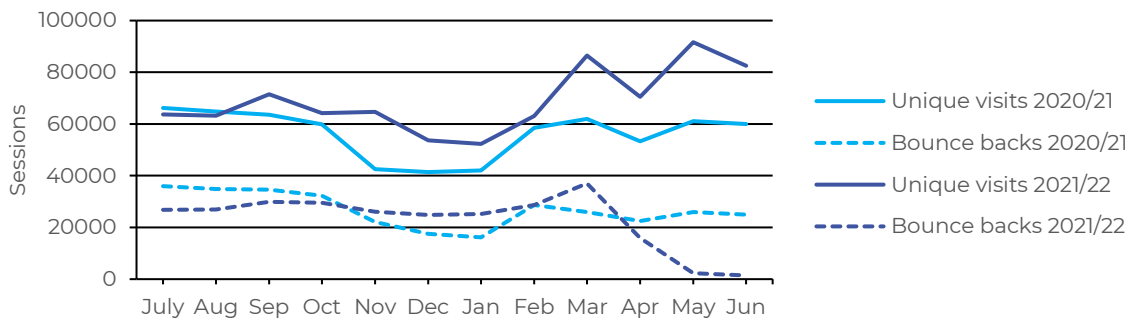
What we want to achieve	What we planned to focus on in 2021/22	Our achievements
New Zealanders have higher levels of trust and confidence in Pharmac.	Continue to build our organisational capability to produce appropriate and transparent communications with all our external and internal audiences.	As part of improving the accessibility and impact of our communication, our Writing Guide was updated quarterly.

Public understanding, trust, and confidence performance measures

Increase website traffic and engagement (measure 19.1)

Method	Website analytics.
2020/21 result	Unique visits remained relatively stable throughout the year. Bounce backstrended down slightly. [36]
2021/22 result	Unique visits have trended up, and bounce backs trended down. Low bounce back rate suggests the user has found the information they require. A key component of building public trust and confidence is having a website that people feel that they can rely on. It takes time to build that trust. Over the last 2 years, we have seen traffic steadily increase – indicating that the content we're providing is supporting people's information needs. The number of unique visits has increased by 23 percent and the number of users has increased by 31 percent, when comparing 2020/21 to 2021/22. Over this time, we have also collected user feedback. We asked for a rating out of 5. The average score has moved from 2.8 to 3.4 out of 5 over the last 12 months.

Unique visits and bounce backs to Pharmac's website, July 2021–June 2022



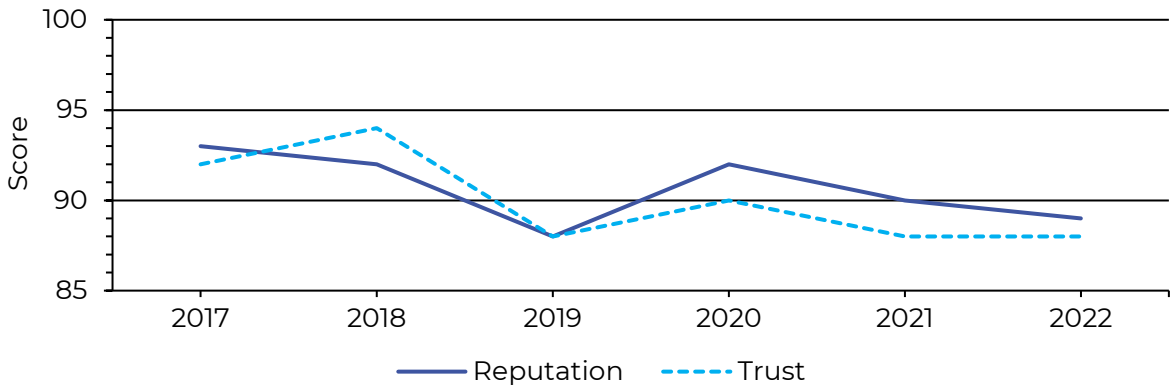
[36] Bounce backs refers to the percentage of visitors that leave the website after viewing only one page.

Increased public trust in Pharmac (measure 19.2)

Improving on last year's total index score and trust domain score in the Public Sector Reputation Survey.

SOI target	Improvement on last year's score.
Method	We use the results from the annual Public Sector Reputation Index to measure trust in Pharmac. We aim to increase our score each year. The Public Sector Reputation Survey is produced annually. The 2022 survey covered 55 public sector agencies. Reputation is measured across 16 attributes under four pillars, which are combined into a single reputation score, and an index created with the average being 100.
2020/21 result	In 2020, our score was 90, in 2021, it was 88.
2021/22 result	In 2022 our score was 88.

Public trust in Pharmac from Public Sector Reputation Survey, 2017–2022

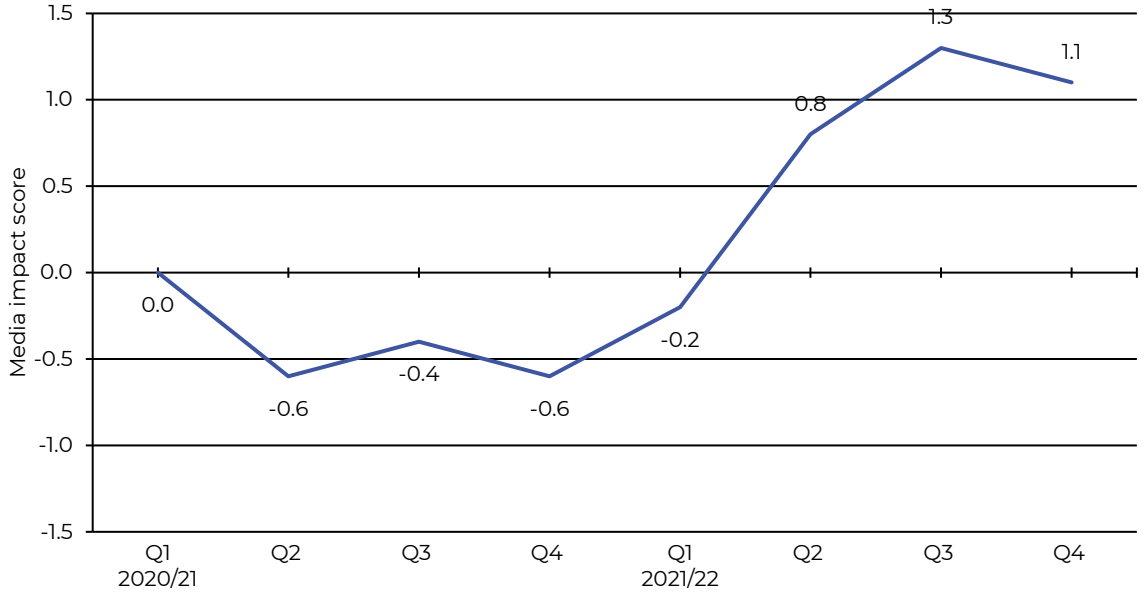


Improve media sentiment (measure 19.3)

Net positive media monitoring scores.

SOI target	↑
Method	We have engaged a media monitoring agency to undertake a quarterly survey of media sentiment towards Pharmac.
2020/21 result	Our media impact score of -0.2 for 2020/21 is considered balanced or neutral.
2021/22 result	Scores for this data for each quarter are displayed below. Possible scores range from -10 (very negative), 0 (balanced or neutral) to +10 (very positive). Our media impact score at the end of 2021/22 was +1.1, taking us from neutral to positive, reflecting our proactive media approach.

Pharmac's media impact scores, quarters 1 to 4, 2020 to 2022



Ngā Raraunga me Ngā Tātaringa

Data and analytics

We measure health outcomes and make evidence-informed decisions, using and making available data and insights from a wide range of sources.

Why this matters

Evolving the way in which we use data is an important enabler for supporting both operational work and delivering on strategic priorities. We use data to support and communicate the contribution Pharmac makes to New Zealanders' wellbeing. We will build on our existing foundations to support reliable, insightful, data-driven decision making and the measurement of the health outcomes from our decisions.

Data and analytics focus for 2021/22

What we want to achieve	What we planned to focus on in 2021/22	Our achievements
The data we have, and use will be well governed and managed as a shared asset across the organisation.	Continued development and roll out of information products to support business decision making.	Ongoing development of Qlik Sense® Apps. More business users added, aiding better decision making. The number of Qlik Sense® sessions used rose rapidly.
Our data and information products will be timely, high quality and accurate.	Strengthen and enhance the functionality of our system used to forecast CPB expenditure.	We have updated the back-end system of our CPB forecast which has enabled the forecast to be updated in the same amount of time but with added complexity.
We will move from monitoring transactional outputs, to focusing on outcomes.	Begin measuring our contribution to achieving better health outcomes for New Zealanders at a medicine level.	We have received reports into two medicines, and are currently in the process of reviewing the reports and any recommendations that were noted.
We treat data about Māori as a taonga.	We will incorporate te ao Māori and Māori experts in sense-making of the data and insights and communicate findings appropriately to Māori.	Pharmac released a report on Gout insights - impact on Māori which involved reviews by Māori experts internally and externally
We will develop our capability in the data space to be better positioned for the future.	Evaluate and gain access to complimentary data sets to support decision making and evaluation.	Drafted an MOU with Te Whatu Ora Health NZ and Manatū Hauora to continue getting direct access to data sources.

What we want to achieve	What we planned to focus on in 2021/22	Our achievements
A clear pathway to necessary sector-wide IT solutions for Medical Devices.	Participate in health sector work to support medical devices on the Health Sector Catalogue and National Health Finance, Procurement and Information Management System (FPIM) and other associated systems.	Our Board Chair and members of the Senior Leadership Team serve on the Finance, Procurement and Information Management System (FPIM) Governance Board and steering committees respectively. We have implemented the transfer of medical devices data to the Health Sector Catalogue.

Data and analytics performance measures

Use of visual analytics tool (measure 18.1)

Implementation of new IT capability, which will enable Pharmac to interactively and dynamically present data visually.

SOI target	New measure.
Method	We will report on progress of integrating Qlik Sense® into our processes. Qlik Sense is a product that enables interactive reports and dashboards and is intended to aid data analysis.
2020/21 result	34 Qlik Sense® users are trained.
2021/22 result	54 Qlik Sense® users are trained and roll out to more staff is ongoing. A number of data products have been developed and additional products are undergoing testing.

Efficiency in producing CBP forecast (measure 18.2)

Number of person days to complete per month.

SOI target	New measure.
Method	We measure efficiencies gained as a result of system and process improvements. These are measured in person days and are expected to lessen as the system is enhanced.
2020/21 result	The CPB covers a large number of chemicals and formulations. Forecasting throughout the year involves both qualitative and quantitative analysis. It took, on average, 46 person days to complete.
2021/22 result	It currently takes, on average, 55 person days to complete the forecast. Separating COVID-19 costs (which are not included in the CPB) from the budget created additional complexity to this task and therefore extra time.

Ngā hononga me ngā pātuitanga

Relationships and partnerships

We create strong and enduring partnerships across the health system and beyond.

Why this matters

We need to have strong, enduring relationships and partnerships with other health agencies to achieve our strategic outcomes and statutory responsibilities. The scope of our work can have a big impact on the delivery of health services in New Zealand.

This priority area underpins all our priority areas. It contributes to the goal of developing strong working relationships with Māori.

Relationships and partnerships focus for 2021/22

What we want to achieve	What we planned to focus on in 2021/22	Our achievements
Build our organisational capability and capacity to support and develop our relationships and partnerships.	Undertake a regular stakeholder engagement survey and report on results. Develop a stakeholder engagement strategy.	Using results from the engagement survey we continued to enhance our engagement, including being more connected in the new health and disability system. The development of a strategy was put on hold so that we could use the views shared by stakeholders during the Pharmac review.
Our external relationships and partnerships are strengthened and help us achieve our strategic priorities and deliver our key outputs.	Scope potential relationship management models to effectively deliver our engagement strategy. Identify and partner with key stakeholders to deliver strategic work programmes.	Work has been completed to identify relationship management models and is feeding into work to enhance Pharmac's approach to engagement.

Relationships and partnerships performance measure

Proportion of stakeholders that highly rate their relationship with Pharmac (measure 20.1)

Method	We have established an annual stakeholder engagement survey. Our survey asked the question 'How would you rate the quality of the overall relationship that you or your organisation has with Pharmac?'
2020/21 result	Of the respondents, 38 percent rated the quality of relationship as being ‘very good’ or ‘good’. Including responses of ‘somewhat good’ increases the result to 68 percent.
2021/22 result	41 percent rated the quality of relationship as being ‘very good’ or ‘good’. Including responses of ‘somewhat good’ increases the result to 63 percent.

Pharmaceutical Management Agency
Te Pātaka Whaioranga

ANNUAL REPORT

for the year ended
30 June 2022

Pūrongo ā-Tau

Presented to the House of Representatives pursuant to Section 150(3) of the Crown Entities Act 2004

PHARMAC
TE PĀTAKA WHAIORANGA

Te Kāwanatanga o Aotearoa
New Zealand Government

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Te Pātaka Whaioranga
Te Kāwanatanga o Aotearoa

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Our outputs

Outputs are the services Pharmac provides that are directly funded by the Crown. Performing our output activities well contributes to achieving our impacts.

We have three output classes:

- Output one – making choices and managing expenditure and supply
- Output two – supporting and informing good decisions and access and use
- Output three – influencing through policy, research, and insights.

Output measures

Our output measures help to demonstrate the performance of the activities that we are funded to deliver. As a Crown Entity, we are required to assess our performance against our reportable outputs on an annual basis.

Output one

Making choices and managing expenditure and supply

Why this matters

Making robust and fair pharmaceutical funding decisions, and related activities is key to achieving our statutory objectives.

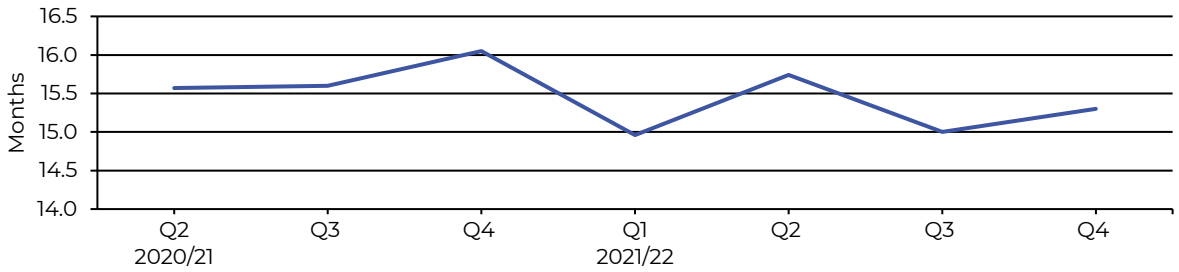
Output one performance measures

Timeliness of funding decisions (measure 4.1)

Average time to rank new applications.

SOI target	↓
SPE 2021/22 target	↓
Method	We identified applications received during the previous five financial years and determined the average time taken for those applications to be placed (ranked) on one of our priority lists for funding. The average time to rank reflects the time required for applications to be considered by our expert clinical advisors, any additional information outstanding to be collected and submitted by applicants, all material and advice to be analysed (including health economic analysis) by Pharmac, and the application being placed on one of our priority lists for funding.[37]
2020/21 result	16.05 months.
2021/22 result	15.24 months.

Average time to rank 2020 - 2022



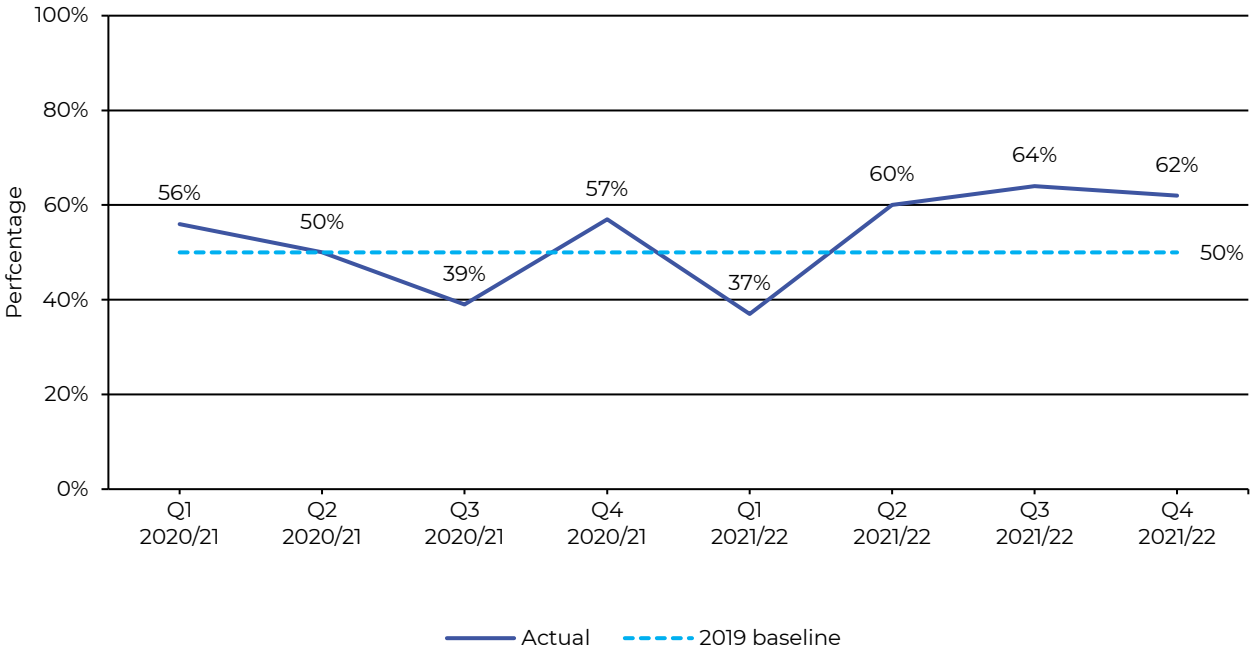
[37] Measure 4.1 concerns the time taken to rank applications. Measure 1.3 concerns the time taken to make a decision on applications. Time to decision is the average time from an application being received to a decision on whether to fund is made, including the time to rank. Time to rank is the time taken to rank or place an application on one of our priority lists for funding. In other words, time to rank is a measure of the speed of our assessment process. Time to decision includes the time to rank, the impact of a fixed budget and the decision-making process (negotiation, contracting, consultation, decision, notification).

Timeliness of exceptional circumstances decisions (measure 4.2)

Percentage of decisions made within target of 10 working days.

SOI target	↑
SPE 2021/22 target	↑
Method	We measure the business days that we have taken to assess an application for exceptional circumstances funding, from time of receipt to when an outcome is decided (approved, declined, withdrawn, or principles of the policy not met). Business days waiting for additional information from the applicant are not included in the calculation.
2020/21 result	54[38] percent of decisions were made within 10 working days.
2021/22 result	45 percent of decisions were made within 10 working days.

Amount of decisions made within 10 working days



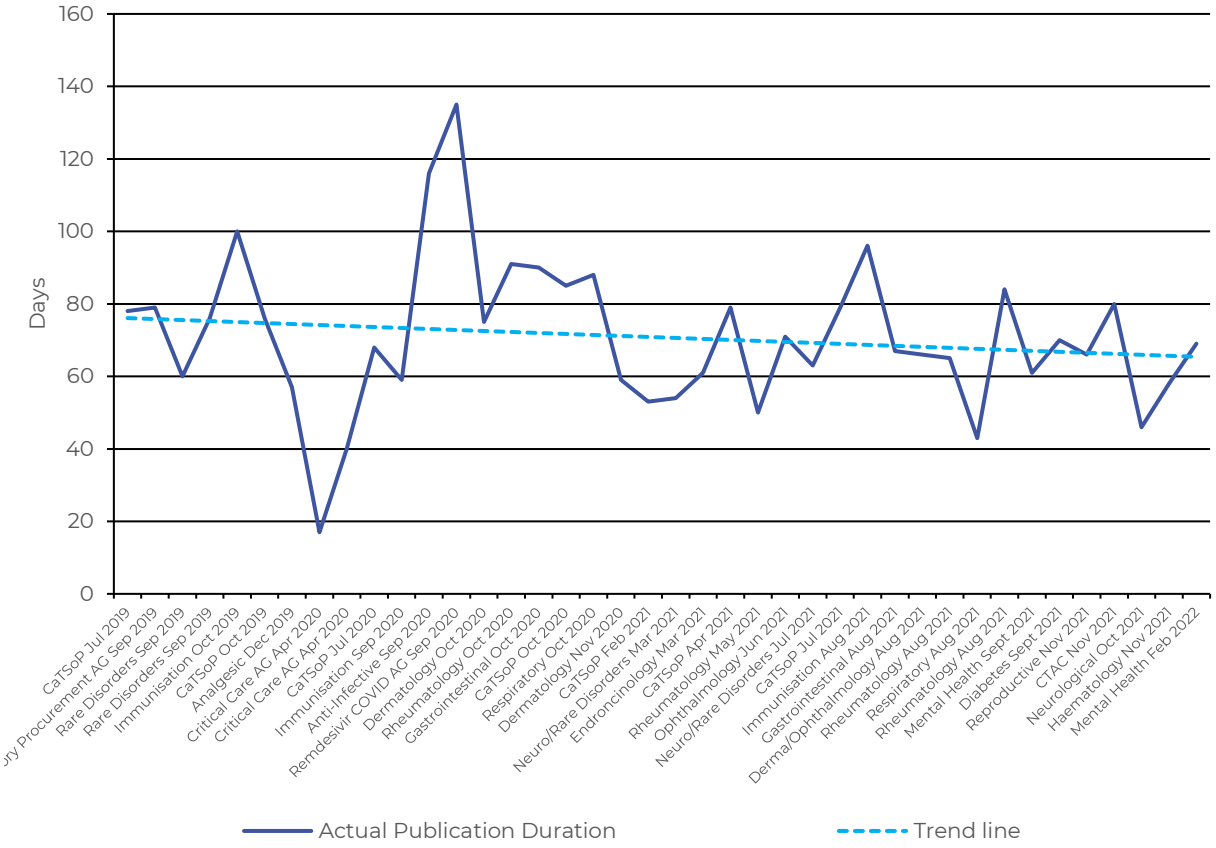
[38] This result should have been reported as 56 percent. It was a typographical error.

Timeliness of publishing PTAC and advisory committee records (measure 4.3)

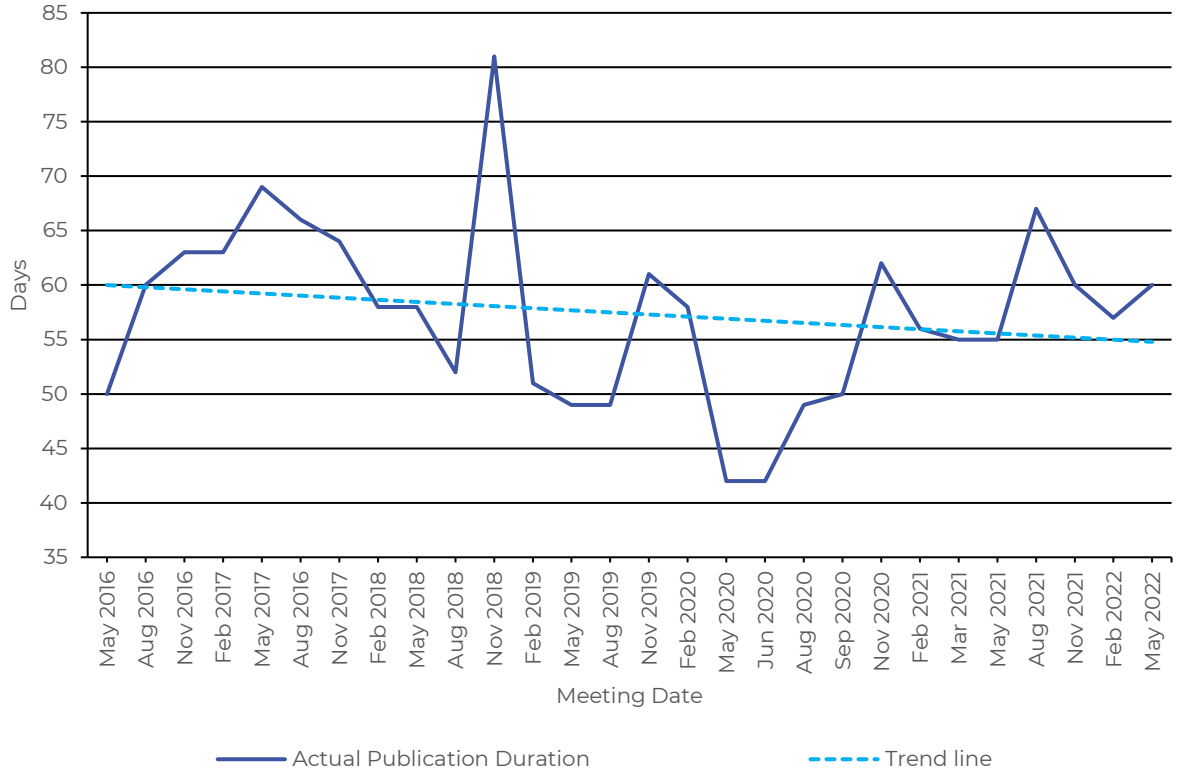
Average time to publish the record.

SOI target	↓
SPE 2021/22 target	↓
Method	Meeting dates and publication of records are recorded. Note from 2021/22 we have recorded the result in days, rather than weeks, and have converted previous results to provide comparative data.
2020/21 result	The average length of time taken to publish the records of PTAC meetings was less than our target of 60 days (12 weeks). The average length of time taken to publish the records of advisory committee meetings met our target of 75 days (15 weeks).
2021/22 result	The average length of time taken to publish the records of PTAC meetings was 62 days (12 weeks). A downward trend was not achieved. The average length of time taken to publish the records of advisory committee meetings was 60 days (12 weeks). A downward trend was achieved.

Specialist Advisory Committee records publication durations in days



PTAC record publication durations in days



CPB expenditure meets expectations (measure 4.4)

Meeting the CPB budget. [39]

SOI target	Yes/No.
SPE 2021/22 target	Yes
Method	Expenditure records are kept by Pharmac.
2020/21 result	Yes. The year-end reported expenditure for the CPB was $1,045.0 million, equal to budget.
2021/22 result	Yes. The year-end reported expenditure for the CBPB was $1,085 million, equal to budget.

Anticipated value of our funding decisions (measure 4.5)

The average projected quality-adjusted-life-years (QALYs) per $1 million for funding decisions we made during the year is higher than the average projected QALY per $1 million for all available investment options.

SOI target	Yes/No.
SPE 2021/22 target	Yes
Method	The QALYs per $m metric represents the average number of quality adjusted life years (QALYs) expected per annum from the proposals funded in the reporting period. This is compared with the average number of QALYs we would have expected should the entire options for investment list have been funded (including those proposals we did in fact fund) in the reporting period.
2020/21 result	Yes. Funding decision QALYs were higher than projected QALYs per $1 million.
2021/22 result	Yes. Funding decision QALYs were higher than projected QALYs per $1 million.

Pharmac's anticipated value of funding decisions

	2017/18	2018/19	2019/20	2020/21	2021/22
Number of QALYs achieved per $1 million spent for funded proposals, *higher than the...*	238	118	31	176	57
Number of QALYs that would have been achieved per $1 million spent for all available investment options	42	12	13	17	15

[39] CPB is explained under Our Funding for 2021/22, on page 10

The numbers change from year to year for a number of reasons:

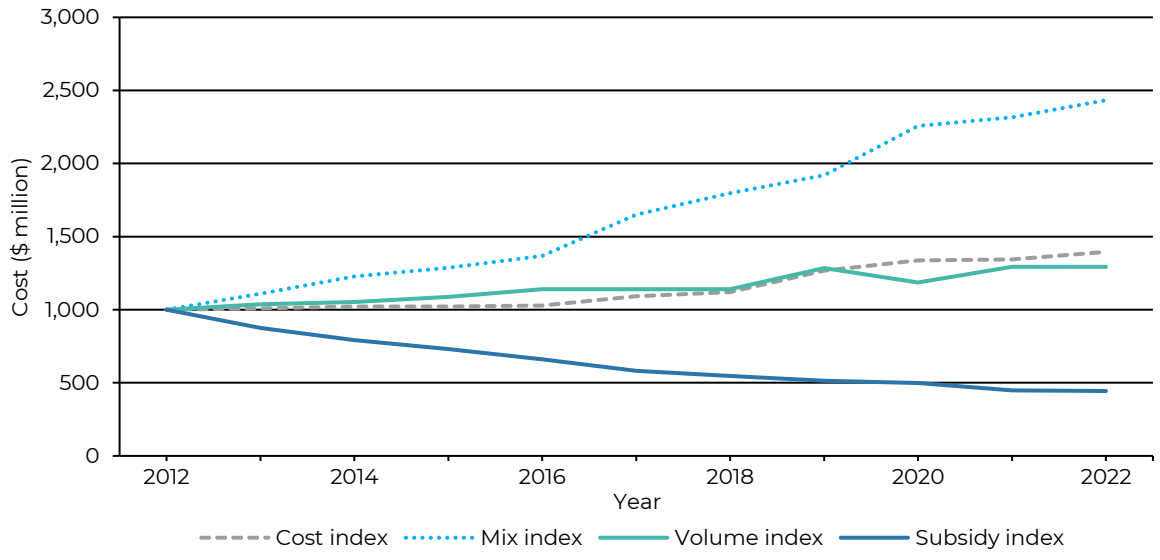
- The value of the proposals we receive are not static, they change from month to month and year to year
- Available funds – all things being equal, the more funds we have the lesser will be our average return on investment, in terms of QALYs per $M. This is because the things at the top of the Options for Investment list tend to have high returns in terms of QALYs per million, and the things further down the list tend to have lower returns

Bundles – in some years we get exceptional, and very large deals, where pharmaceutical companies offer us packages of drugs and very competitive prices, which can give us very good, outlier, returns on investment.

Access to medicines compared with subsidy (measure 4.6)

SOI target	Volume and mix go up relative to the cost, while the average subsidies paid decline.
SPE 2021/22 target	Volume and mix go up relative to the cost, while the average subsidies paid decline.
Method	The data comes from the raw data in Pharmac's forecasting system, from which the "Price Volume Mix" (PVM) model is created. The result is calculated manually at year end.
2020/21 result	Volume and mix went up relative to the cost, while the average subsidies paid declined.
2021/22 result	From 2011, the number of medicines (volume) and the range of medicines (mix) have increased over time, meaning we are seeing more and varied medicines funded in New Zealand. Over the same period, the average subsidies paid have gone down, signalling that Pharmac is managing overall costs while still expanding access.

Price, volume, mix of medicines in New Zealand over the last 10 years

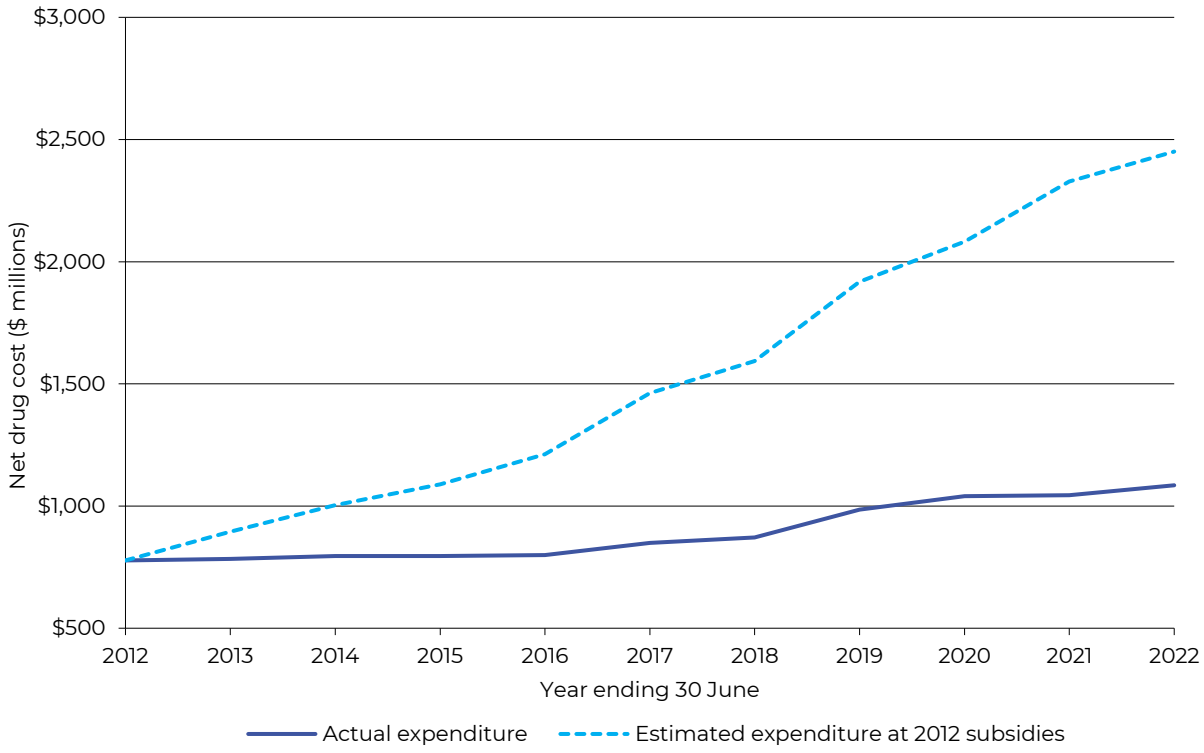


Savings over time (measure 4.7)

Estimated savings on medicines spending (last 10 years' prices as baseline).

SOI target	↑
SPE 2021/22 target	↑
Method	The data comes from the raw data in Pharmac's forecasting system, from which the "Price Volume Mix" (PVM) model is created. The result is calculated manually at year end, in conjunction with financial accounting.
2020/21 result	Over the last 10 years to the end of 2020/21, we have saved $8.2 billion on net medicine costs. The impact of changes over the last 10 years applied in the financial year 2020/2021 accounted for $1.7 billion.
2021/22 result	The graph below shows estimated savings on medicines' spending, using 2012 prices as a baseline. Over the last 10 years, we have saved $7 billion on net medicine costs, with the gap between the two lines highlighting how much money it is estimated we have saved DHBs through our work. The impact of changes over the last 10 years applied in the financial year 2021/2022 accounted for $1.4 billion.

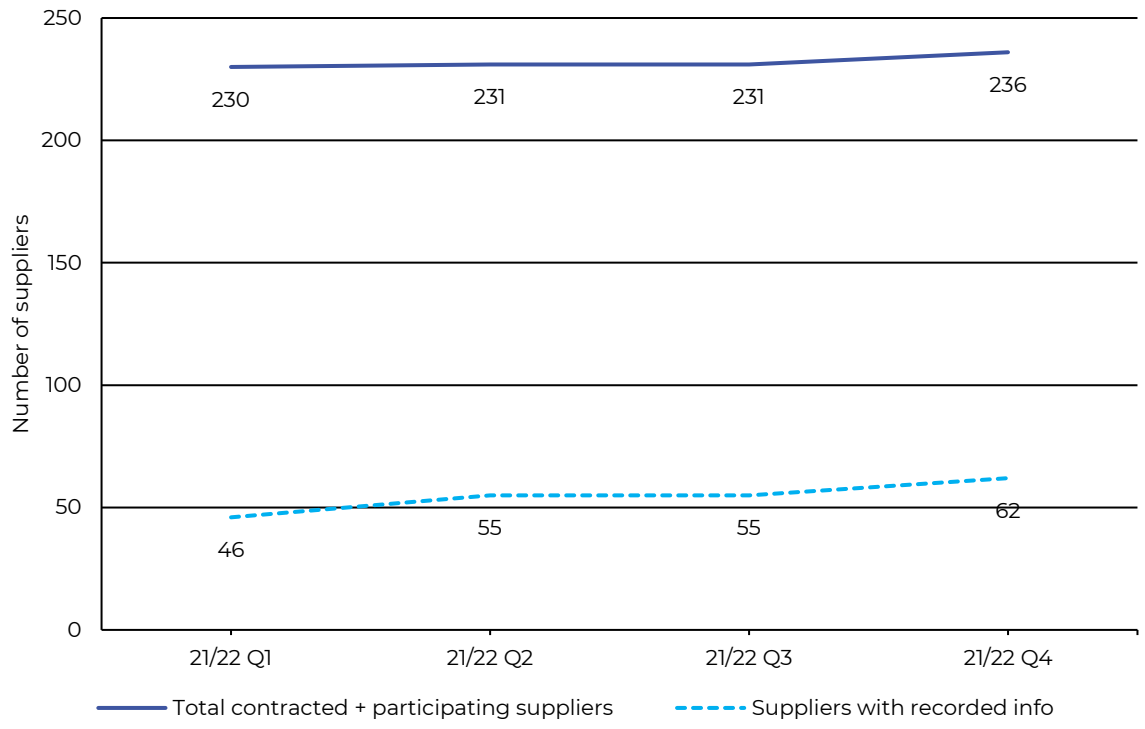
CPB drug expenditure, 2012 to 2022



Environmental sustainability of pharmaceutical contracting approaches (measure 4.8)

SOI target	New measure.
SPE 2021/22 target	Baseline measure and target being finalised and will be reported in 2021/22 Annual Report.
Method	During 2021/22, we have collected information from suppliers about their environmental sustainability policies and practices through our procurement processes. As we undertake more procurement processes, this information will become more complete. Over time, it will allow us to consider ways to incorporate sustainability outcomes in our discussions with suppliers.
2020/21 result	This is a new measure. Methodology and baseline established. We now have information for approximately 25 percent of our total contracted medicine and medical device supplier base. This information includes sustainability initiatives and policy guidance for both New Zealand and global businesses.
2021/22 result	236 suppliers

Number of suppliers with recorded info, 2021/22



Output two

Supporting and informing good decisions and access and use

Why this matters

We have a legislative function to promote the responsible use of medicines – this is an essential part of achieving best health outcomes from the pharmaceuticals we invest in. We help to ensure that medicines are used when they are needed and are not under- or overused. To do this, we:

- consult on, communicate, and explain our funding decisions
- implement our funding decisions in a way that supports health professionals and patients to thoroughly understand the patient pathway
- implement population health programmes to improve equitable access and responsible use of medicines.

Output two performance measures

Consultations undertaken (measure 5.1)

Proportion of key pharmaceutical decisions consulted on for new proposals: 100 percent.

SOI target	100 percent.
SPE 2021/22 target	100 percent.
Method	Consultation records are kept.
2020/21 result	100 percent. All key pharmaceutical decisions were publicly consulted on.
2021/22 result	100 percent. All key pharmaceutical decisions were publicly consulted on.

Reach and use of responsible-use products (measure 5.2)

Specific metrics to be developed during contract negotiation process with new responsible-use provider: new measure.

SOI target	New measure.
SPE 2021/22 target	Baseline measure and target being finalised and will be reported in 2021/22 Annual Report.
Method	We have agreed with our responsible-use provider that they will track the following metrics from 2021/22: • sign-ups to our responsible-use service provider's updates • unique website views of our service provider's responsible-use materials.
2020/21 result	We have agreed new metrics, and we will aim for an upward trend.
2021/22 result	Baselines established. Electronic direct mail members = 991. Unique website visitors from New Zealand = 23,650.

Rosuvastatin consultation

In February 2021 Pharmac sought feedback on funding criteria for rosuvastatin. We proposed the listing of a new cholesterol-lowering medicine – rosuvastatin – on the Pharmaceutical Schedule.

To ensure this medicine is targeted to people most likely to benefit, within the available funds, we proposed applying Special Authority criteria for access to this medicine. The proposal supported Pharmac's goal to make more medicines available to more New Zealanders, aligning with Pharmac's Hauora Arotahi, Manawa Ora as one of our Māori health areas of focus.

We received extensive feedback from consumers, clinicians, professional societies, and advocacy groups. The feedback we received was an invaluable part of our decision-making process. Taking this feedback into account, we decided to specifically name Māori and Pacific ethnicities within the funding criteria. We consider this to be an important move to address medicines access equity for these population groups who are at high risk of complications of high cholesterol and for whom there is evidence of inequities in access to already funded medicines for high cholesterol.

The full criteria for Special Authority for subsidy for rosuvastatin can be found on the Pharmac website.[40]

[40] https://pharmac.govt.nz/news-and-resources/consultations-and-decisions/2021-08-17-decision-rosuvastatin/

Output three

Influence through policy, research, and insights

Why this matters

We provide specialist operational policy advice to Ministers and officials from a range of government agencies as well as advice to our Board and its delegates. We are involved in supporting and undertaking research that supports our core functions and aligns with our strategic priorities.

Output three performance measures

Quality of policy advice (measure 6.1)

Quality score from an independent policy quality benchmark.

SOI target	New measure.
SPE 2021/22 target	
Method	We engaged the New Zealand Institute of Economic Research (NZIER) to undertake an external review and score papers. A sample of 20 Board, Senior Leadership Team, delegated authority, and briefing papers were assessed and scored. NZIER focus their assessments on three key criteria that are the hallmarks of high-quality advice: • Customer focus • Credible analysis • Clear and concise.
2020/21 result	Our overall score from NZIER was 3.55 out of 5, with 19 out of 20 papers meeting the 'acceptable quality' standard. NZIER described our score as 'creditable' and 'a sound beginning', being our first review, with 'many areas of strength'.
2021/22 result	Our overall score improved to 3.75. 100 percent of papers scored 3 or above, and 45 percent of papers scored 4 or more. NZIER described our papers as having "a number of good features … these included the brevity, tidiness and clarity of most pieces. Some papers had great visuals and others handled risk in an authoritative way".

Contribution to research activities that support Pharmac's core activities and strategic priorities (measure 6.2)

Number and description of research projects funded and/or published (external and internal.

SOI target	No target as descriptive measure.
SPE 2021/22 target	At least one substantial research project.
2020/21 result	Two research publications that we funded (jointly with the Health Research Council) were published between 1 July 2020 and 30 June 2021.[41]
2021/22 result	11 research papers were published in 2021/22 with support from Pharmac. Details of the papers are available in the Appendix.

[41] These are detailed in our 2020/21 Annual Report.

Te hiranga tara ā-whare

Organisational excellence

Why this matters

We have focussed on organisational excellence in order to ensure we will continue to improve and enhance what we do. We are growing our capability and better aligning our resources towards our priorities. This includes making sure we can respond to both anticipated and unforeseen changes in our operating environment.

Our focus areas are:

- people and capability strategy
- information and communications technology (ICT)
- strategic planning and performance.

Ō mātou tāngata

Our people

During 2021/22, we continued to develop a comprehensive people and capability strategy, following substantial engagement with Pharmac staff. The strategy is focused around five priorities:

- engaged staff
- strengthening our leadership
- diversity and inclusion
- organisational capability
- health and wellbeing.

Enhancing Pharmac as a good employer

Our success relies on us having the right people in the right roles at the right time, so we attach high importance to recruiting and retaining high-performing employees. We have several initiatives in place, guided by sound principles of being a good employer. We regularly review our programmes and policies to ensure they meet the changing demographics and needs of the workplace.

Leadership, accountability and culture

We focus on developing effective individual and organisational leadership. All staff members are expected to act with respect, integrity, and accountability. We invest in programmes and activities that support leadership development, and staff advancement. We encourage openness in the workplace and provide regular opportunities for staff to contribute to, and be actively involved, in our organisational decisions. We regularly review our policies and procedures to ensure they are fit for purpose.

Recruitment, selection, and induction

We are an equal opportunity employer (EEO) and aim to recruit the best person for each role. We advertise vacancies to attract a range of candidates, with the approach we follow varying depending on circumstances and role type. We have a strong and diverse employer brand in the health industry, and our work to extend this brand has been supported through social media channels, such as Facebook, Twitter, and LinkedIn. We have an induction programme to help new staff members familiarise themselves with our operations as quickly as possible.

We consider equity and diversity in all our recruitment decisions. We formed a partnership with Diversity Works in 2021/22 and are undertaking a planned approach to enhance our understanding of, and to create, a more inclusive and welcoming work environment at Pharmac. As a Crown entity, we take our commitments to Te Tiriti o Waitangi seriously.

Employee development, promotion, and exit

We provide and encourage development opportunities for staff to grow their skills, abilities, and careers. These opportunities include taking on senior roles, undertaking external training and development, receiving support (including opportunities for scholarships) for formal study, and taking up secondment opportunities. We also offer regular training to

directly support Te Tiriti o Waitangi, including te reo Māori classes and Te Tiriti o Waitangi training, as well as a range of other activities.

The Pacific Responsiveness Strategy's purpose is to support Pacific People in New Zealand to live healthy lives through improved and timely access to, and the use of, medicines and medical devices. We held cultural awareness sessions designed to support our Pacific Responsiveness Strategy and educate staff.

Our internal staff development plans provide clear links to the Pharmac business plan and our overall strategic direction.

Online exit surveys and face-to-face interviews are offered to all departing employees. The data collected from these is analysed to monitor, manage, and communicate reasons for people leaving the organisation.

Flexibility and work design

We recognise that supporting employees to balance their work and family commitments will, over time, have a positive impact on work quality, productivity, and employee wellbeing.

Our flexible working arrangements ensure staff who work remotely are provided with appropriate technology and communication solutions to enable seamless working arrangements. We have continued to allow flexible working arrangements for staff after the COVID-19 lockdown periods.

We offer generous parental leave entitlements in addition to those required under law.

Remuneration, recognition, and conditions

We use independent job evaluation and market remuneration information to set salary ranges for positions. We aim to achieve fairness and equity by reviewing and eliminating inappropriate pay disparities. We review our remuneration options annually against market changes and Government expectations. We create work conditions that enable staff to feel comfortable and supported, including those who identify as LGBTQI+ and those with disabilities.

Harassment, discrimination, and bullying prevention

We do not tolerate bullying, discrimination, or harassment. Conduct and behaviour expectations are clearly communicated through our Bullying, Harassment and Discrimination Policy, which is provided to staff at the induction stage. Existing staff are regularly reminded about policies and expectations, including through specific workshops for managers on this topic.

Safe and healthy environment

We provide a working environment and management process that is, so far as is reasonably practical, free of risks to health and safety. Our health and safety systems ensure that hazards are identified, and risks are controlled and managed accordingly.

We are committed to doing everything possible to prevent injury. This includes establishing early reporting and detection procedures, training, and education and providing guidelines

on safe working conditions. All accidents, injuries, and near misses and hazards are reported to our Health and Safety Committee for analysis, and necessary actions are taken to eliminate recurrence, using a hierarchy of controls.

Maintaining a safe and healthy workplace, free from injury, is our aim. In the 2021/22 financial year, we had zero lost time injuries.

Our health and safety approach aims to enable staff to operate and work in a safe and healthy environment. This is achieved through our Health and Safety Governance programme.

- Pharmac Board Health and Safety Committee – meets quarterly to help the Board provide leadership in discharging its health and safety management responsibilities within the organisation.
- Staff Health and Safety Committee – meets bi-monthly to deliver key priorities, address risks, and minimise risks of incidents from occurring, as well as audit the systems of work.
- Well Working Group, – a subgroup of the staff Health and Safety Committee, exists to support a work culture of wellness. The working group's role is to identify and implement wellness practices in the following areas: stress management, mental health, physical health, healthy environment, and organisational engagement.
- Health and safety training and safety culture – we provide regular training and engagement in health and safety with the aim of encouraging individual responsibility for health and safety in the workplace. Staff are provided with regular updates on health and safety matters via staff meetings and the Pharmac intranet, as well as access to simplified near-miss reporting tools, which aim to encourage individuals to report potential hazards.

To manage and monitor health and safety in the organisation, we have developed key performance measures. Our Risk Management System provides reporting on incidents, emergency preparedness, and business continuity planning.

Staff gender ratio, as at 30 June 2022

Gender	Part time	Full time	Total
Permanent employees			
Male	2	46	48
Female	8	78	78
Non-specified	0	2	2
Fixed-term employees			
Male	0	5	
Female	3	9	12
Non-specified	0	1	1
Totals	**13**	**141**	**154**

Staff numbers by ethnicity, at 30 June 2022

Ethnicity	Percentage
European	71 percent
Māori	7 percent
Pacific peoples	3 percent
Asian	8 percent
Middle Eastern/Latin American/African (MELAA)	2 percent
2Other ethnicity	4 percent
Not disclosed	6 percent
Total	**101 percent**[42]

Staffing

As at 30 June 2022, we had a total of 154 staff – 136 permanent employees, plus 18 fixed-term employees. Four employees were on parental leave during the year. We also had 12 vacancies. We anticipate overall staff numbers to grow. Permanent staff turnover for the 2021/22 year was 22 percent, which is slightly higher than last year and is driven by a variety of factors. The main factors that led to staff turnover in 2021/22 were taking up opportunities for a new career and/or to obtain better remuneration.

We have a relatively high number of part-time staff – 11 percent at 30 June 2022. This helps us to retain valuable skills and competencies and provide for work-life balance.

Pharmac's People and capability focus for 2021/22

What we want to achieve	What we focussed on in 2021/22	Our achievements
Our people are engaged, supported and have the capabilities to do their work.	Strengthening our Leadership.	A self development leadership toolkit was implemented.
	Enhancing diversity and inclusion.	We provided Te Tiriti o Waitangi Training throughout the year for all staff.
	Developing organisational capability.	We continued to offer development opportunities to all staff.
	Building employee engagement.	We offered all staff a haurora allowance to support their wellbeing. We introduced paid leave for all staff over the holiday shutdown period.
	Supporting health and wellbeing.	We completed an independent audit of our health and wellbeing levels and set targets for improvement as part on our ongoing health and wellbeing workplan.

[42] Some staff have declared more than one ethnicity

Organisational excellence measures

Our organisational excellence measures help us demonstrate the performance of our capability and resources to ensure we are well placed to achieve our strategic priorities.

Employee engagement (measure 12.1)

Average scores from employee Pulse survey.

SOI target	
Method	We measure the average employee engagement in a six-monthly employee survey.
2020/21 result	We note there was a small decline from 75 percent in October 2020 to 72 percent in April 2021.
2021/22 result	Oct 21 - 70 percent. May 22 - approximately equivalent to 68 percent under the previous methodology.[43]

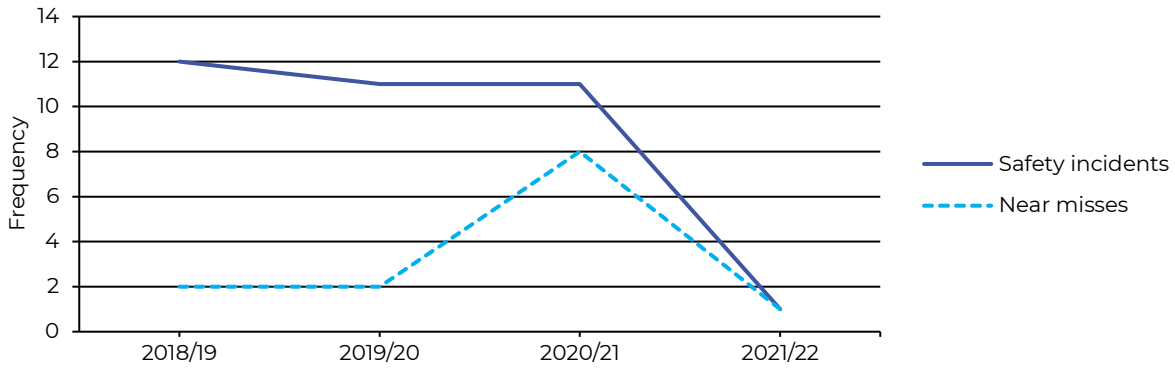
Health, safety, and wellbeing (measure 12.2)

Number of safety incidents and near misses.

SOI target	Incidents down, near misses reported up (we want to encourage near miss reporting).
Method	Potential hazards, incidents and near misses are reported to the Manager Information, Knowledge and Business Services, and recorded in a central Health & Safety Register.
2020/21 result	There were 11 incidents, and 8 near misses reported.
2021/22 result	There was 1 incident and 1 near miss reported.

[43] A new methodology including different questions was used in 2021/22. Under the previous methodology both favourable and neutral responses were included in the engagement score. The new methodology uses favourable responses only. Our results tell us that 49 percent of the participants responded favourably to engagement related questions.

Number of safety incidents and near misses from 2018



Operating budgets are well managed (measure 13.1)

Actual expenditure variance to budget.

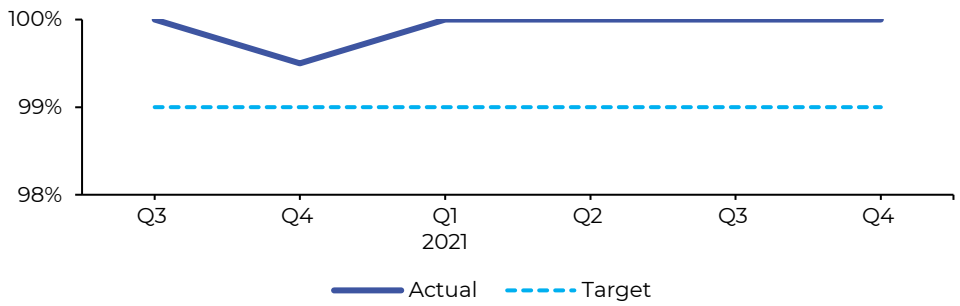
SOI target	Within 5 percent.
Method	Budget and expenditure analysis.
2020/21 result	Our operating budget was more than 5 percent underspent. There are a number of reasons for this, including the impact of COVID-19.
2021/22 result	Our operating budget was less than 5 percent overspent

Key operating systems are available (measure 14.1)

Percentage of up time

SOI target	99 percent.
Method	Downtime is recorded as it occurs.
2020/21 result	Operating systems were available above target.
2021/22 result	Operating systems were available above target.

Operating systems' performance against target, to quarter 4 2021/22



Te pūrongo motuhake o te kaiarotake

Independent auditor's report

To the readers of Pharmaceutical Management Agency – Te Pātaka Whaioranga's financial statements and performance information for the year ended 30 June 2022

The Auditor-General is the auditor of Pharmac. The Auditor-General has appointed me, Stephen Usher, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information, including the performance information for an appropriation of Pharmaceutical Management Agency – Te Pātaka Whaioranga (Pharmac) on his behalf.

Opinion

We have audited:

- the financial statements of Pharmac on pages 86 to 107 that comprise the statement of financial position as at 30 June 2022, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements including a summary of significant accounting policies and other explanatory information; and
- the performance information of Pharmac on pages 24 to 74, 80 and 81.

In our opinion:

- the financial statements of Pharmac on pages 86 to 107:
    - present fairly, in all material respects:
        - its financial position as at 30 June 2022; and
        - its financial performance and cash flows for the year then ended; and
    - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards; and
- the performance information on pages 24 to 74, 80 and 81:
    - presents fairly, in all material respects, Pharmac's performance for the year ended 30 June 2022, including:
        - for each class of reportable outputs:
            - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and

        - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year; and

    - what has been achieved with the appropriation; and

- complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 15 December 2022. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of the Board for the financial statements and the performance information

The Board is responsible on behalf of Pharmac for preparing financial statements and performance information that are fairly presented and comply with generally accepted accounting practice in New Zealand. The Board is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board is responsible on behalf of Pharmac for assessing Pharmac's ability to continue as a going concern. The Board is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of Pharmac, or there is no realistic alternative but to do so.

The Board's responsibilities arise from the Crown Entities Act 2004 and the Public Finance Act 1989.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to Pharmac's statement of performance expectations.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Pharmac's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.

- We evaluate the appropriateness of the reported performance information within Pharmac's framework for reporting its performance.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Pharmac's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board is responsible for the other information. The other information comprises the information included on pages 1 to 23 and 75 to 79 but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of Pharmac in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit, we have carried out a limited assurance engagement in the area of Rebates, which was compatible with those independence requirements. Other than the audit and this engagement, we have no relationship with or interests in Pharmac.

Stephen Usher
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

Ngā tauaki pūtea

Financial statements

Statement of comprehensive revenue and expense

For the year ended 30 June 2022

	Note	Actual 2022 ($000)	SPE budget 2022 ($000)	Actual 2021 ($000)
Non exchange revenue				
Crown funding		25,512	25,262	25,262
DHB - Operating funding		1,990	1,990	1,990
Funding from the Crown - COVID-19 Treatments	3	139,000	-	-
Exchange revenue; other				
Interest received - Operating		331	184	319
- Legal Risk Fund		143	99	161
Other revenue - Operating		485	100	466
Total revenue		167,461	27,635	28,198
Expenditure				
Operating costs		8,636	5,918	7,889
Personnel costs	2	18,832	19,017	17,238
Audit Fees		84	70	75
CPBDPF	5	15,004	7,882	12,729
Depreciation and amortisation costs	10,11	458	442	411
Director Fees		160	168	153
COVID-19 Treatments costs/distributions	3	21,096	-	-
Hospital Discretionary Pharmaceutical Fund (HDPF)	4	-	19,492	-
Implementation projects		1,380	1,955	1,501
Legal Risk Fund payments for litigation		-	250	141
Occupancy costs		917	847	759
Total expense		66,567	56,041	40,896
Net surplus/(deficit) for the period		100,894	(28,406)	(12,698)
Other comprehensive revenue		-	-	-
Total comprehensive revenue and expense		**100,894**	**(28,406)**	**(12,698)**
Total comprehensive revenue and expense from:				
- Pharmac operations		(17,010)	(28,406)	(12,698)
- COVID-19 Treatments		117,904	-	-
Total comprehensive revenue and expense		100,894	(28,406)	(12,698)

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An additional $14,813 (2020/21: $10,000) was paid to Audit New Zealand for a limited independent assurance review in respect of final estimates for the 2021/22 DHB rebate accruals.
Explanations of significant variances against budget are detailed in note 24.
The accompanying accounting policies and notes form part of these financial statements.

Statement of changes in equity

For the year ended 30 June 2022

	Note	Actual 2022 ($000)	SPE budget 2022 ($000)	Actual 2021 ($000)
Balance at 1 July		53,538	58,760	61,236
Medical Devices Reserve funding		-	-	5,000
Total comprehensive revenue and expense		100,894	(28,406)	(12,698)
Balance at 30 June	4	**154,432**	**30,354**	**53,538**

Explanations of significant variances against budget are detailed in note 24.
The accompanying accounting policies and notes form part of these financial statements.

Statement of financial position

As at 30 June 2022

	Note	Actual 2022 ($000)	SPE budget 2022 ($000)	Actual 2021 ($000)
PUBLIC EQUITY				
Contribution capital	4	1,856	1,856	1,856
Retained earnings and reserves	4	128,204	8,292	11,224
Restricted reserves				
CPBDPF	4	-	10,450	5,603
HDPF	4	12,792	1,365	22,193
Legal Risk Fund	4	8,600	8,391	8,457
Medical Devices Reserve	4	2,980	-	4,205
TOTAL PUBLIC EQUITY		**154,432**	**30,354**	**53,538**
Represented by:				
Current assets				
Cash and cash equivalents	6	28,600	3,027	8,710
Investments	7	19,800	8,635	9,600
Debtors and other receivables	8	216	170	183
Prepayments		4,775	300	224
COVID-19 Treatments Inventory	3	95,033	-	-
GST Receivable		-	-	1,786
Current assets associated with Restricted reserves				
Cash & cash equivalents: Legal Risk Fund/HDPF	6	465	1,707	679
Investments: Legal Risk Fund/HDPF	7	10,800	7,965	11,700
CPBDPF monies deposited to rebates account	9	-	10,450	23,186
Total current assets		159,689	32,254	56,068
Non-current assets				
Property, plant and equipment	10	760	728	1,077
Intangible Assets	11	-	50	8
Total non-current assets		760	778	1,085
Total assets		160,449	33,032	57,153
Current liabilities				
Creditors and other payables	12	3,222	1,200	1,811
Employee entitlements	13	1,800	980	1,476
GST Payable		667	170	-
Total current liabilities		5,689	2,350	3,287
Non-current liabilities				
Make Good Provision	14	328	328	328
Total liabilities		6,017	2,678	3,615
NET ASSETS		**154,432**	**30,354**	**53,538**

Explanations of significant variances against budget are detailed in note 24.
The accompanying accounting policies and notes form part of these financial statements.

Statement of cash flows

For the year ended 30 June 2022

	Note	Actual 2022 ($000)	SPE budget 2022 ($000)	Actual 2021 ($000)
CASH FLOWS – OPERATING ACTIVITIES				
Cash was provided from:				
- Receipts from the Crown - Pharmac Operating		25,512	25,262	25,262
- Receipts from the Crown - COVID-19 Treatments		139,000	-	-
- DHBs Operating		1,990	1,990	1,990
- Interest Operating		347	184	319
- Interest Legal Risk Fund		185	99	161
- Other Operating		485	100	466
- CPBDPF top up		-	-	18,332
- Medical Devices Reserve funding		-	-	5,000
- CPBDPF release from rebates bank account		23,186	-	-
- Goods and services tax (net)		2,453	-	-
		193,158	27,635	51,530
Cash was disbursed to:				
- Legal Risk Fund expenses		-	(250)	(141)
- CPBDPF expenses		(15,004)	(7,882)	(12,729)
- CPBDPF deposited in rebates bank account		-	-	(3,693)
- HDPF expenses		-	(20,692)	-
- Payments to suppliers and employees		(29,443)	(27,975)	(24,566)
- COVID-19 Treatments (purchases and inventory)		(119,602)	-	-
- Goods and services tax (net)		-	-	(4,670)
		(164,049)	(56,799)	(45,799)
Net cash flows from operating activities	15	29,109	(29,164)	5,731
CASH FLOWS – INVESTING ACTIVITIES				
- Purchase of property, plant and equipment		(133)	(215)	(747)
- Purchase of intangible assets		-	(40)	-
- Disposal of intangible assets		-	-	63
- Proceeds from the redemption of investments		33,800	30,382	27,165
- Purchase of investments		(43,100)	-	(25,300)
Net cash flows from investing activities		(9,433)	30,127	1,181
Net increase/(decrease) in cash		19,676	963	6,912
Cash at the beginning of the year		9,389	3,771	2,477
Cash at the end of the year	6	29,065	4,734	9,389

The GST (net) component of operating activities reflects the net GST paid and received.

The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes and to be consistent with the presentation basis of the other primary financial statements.

Explanations of significant variances against budget are detailed in note 24.
The accompanying accounting policies and notes form part of these financial statements.

Statement of comprehensive revenue and expense by output class

For the year ended 30 June 2022

Output Actual 2021/22	Funding MOH $000	Funding DHB $000	Funding Other $000	Output expendi-ture $000	Net surplus/ (deficit) $000
Decision Making Influencing Medicine Access and Use	12,631	-	328	(19,749)	(6,790)
Policy Advice and support	9,092	1,990	280	(18,907)	(7,545)
COVID-19 Treatments	3,789	-	351	(6,815)	(2,675)
Total	139,000	-	-	(21,096)	117,904
	164,512	**1,990**	**959**	**(66,567)**	**100,894**

Output SPE Budget 2021/22	Funding MOH $000	Funding DHB $000	Funding Other $000	Output expenditure $000	Net surplus/ (deficit) $000
Decision Making Influencing Medicine Access and Use	12,631	-	131	(38,927)	(26,165)
Policy Advice and support	8,842	1,990	112	(10,124)	820
Total	3,789	-	140	(6,990)	(3,061)
	25,262	**1,990**	**383**	**(56,041)**	**(28,406)**

Output Actual 2020/21	Funding MOH $000	Funding DHB $000	Funding Other $000	Output expenditure $000	Net surplus/ (deficit) $000
Decision Making Influencing Medicine Access and Use	12,631	-	218	(25,797)	(12,948)
Policy Advice and support	8,842	1,990	654	(11,149)	337
Total	3,789	-	74	(3,950)	(87)
	25,262	**1,990**	**946**	**(40,896)**	**(12,698)**

Statement of commitments

As at 30 June 2022

Non-cancellable operating lease commitments

The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:

	Actual 2022 ($000)	Actual 2021 ($000)
Operating commitments approved and contracted		
Rental lease		
Not later than one year	918	847
Later than one year and not later than five years	1,376	2,118
Balance at 30 June	**2,294**	**2,965**

Pharmac's rental lease dates back to 2002/03 financial year, and has been the subject of regular variation. The current lease expiry is 31 December 2024. During 2020/21, variations were executed to occupy another floor taking total floors to five (four of which are contiguous space). Pharmac has recognised a make good provision of $327,825 (2021: $327,825).

Statement of contingent assets and liabilities

As at 30 June 2022

Pharmac has no contingent assets as at 30 June 2022 (2021: $nil).

Pharmac has no contingent liabilities as at 30 June 2022 (2021: $nil).

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Explanations of significant variances against budget are detailed in note 24.
The accompanying accounting policies and notes form part of these financial statements.

Note 1: Statement of accounting policies

Reporting entity

Pharmaceutical Management Agency (Pharmac) is a Crown entity as defined in the Crown Entities Act 2004 and is domiciled and operates in New Zealand. Pharmac acts as an agent of the Crown for the purpose of meeting its obligations in relation to the operation and development of a national Pharmaceutical Schedule.

Pharmac has designated itself as a public benefit entity (PBE) for financial reporting purposes.

The financial statements of Pharmac are for the year ended 30 June 2022. The financial statements were approved by the Board of Pharmac on 9 December 2022.

Basis of preparation

The financial statements of Pharmac have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period.

Statement of compliance

The financial statements of Pharmac have been prepared in accordance with the requirements of the Crown Entities Act 2004 and the New Zealand Public Health and Disability Act 2000, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP). The financial statements have been prepared in accordance with Tier 1 PBE standards.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($000).

Summary of Significant Accounting Policies

Significant accounting policies are included in the notes to which they relate. Significant accounting policies that do not relate to a specific note are outlined below.

Revenue

Funding from the Crown

Pharmac is primarily funded from the Crown. This funding is restricted in its use for the purpose of Pharmac meeting the objectives specified in its founding legislation and the relevant appropriations of the funder.

Pharmac considers there are no conditions attached to the funding and it is recognised as revenue at the point of entitlement. This is considered to be the start of the appropriation period to which the funding relates.

The fair value of revenue from the Crown has been determined to be equivalent to the amounts due in the funding arrangements.

Funding from DHBs

Operating funding includes agreed expenses to be provided by Pharmac for 20 DHBs, the Discretionary Pharmaceutical Fund payments reflect expenses incurred under the Discretionary Pharmaceutical Fund Policy, and additional contributions are made to support implementation of Pharmac's hospital medical devices activity and some other Pharmac operational costs.

Funding is recognised as revenue when it becomes receivable.

Interest revenue

Interest revenue is recognised using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, and other short-term, highly liquid investments with original maturities of three months or less.

Receivables

Short-term receivables are recorded at their fair value, less any provision for impairment.

A receivable is considered impaired when there is evidence that Pharmac will not be able to collect the amount due. The amount of the impairment is the difference between the carrying amount of the receivable and the present value of the amounts expected to be collected.

Investments

Bank term deposits

Investments in bank term deposits are initially measured at the amount invested.

After initial recognition, investments in bank deposits are measured at amortised cost using the effective interest method, less any provision for impairment.

Inventory

Inventories held for distribution or consumption in the provision of services are measured at cost (using the FIFO method), adjusted, when applicable, for any loss of service potential.

Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition.

The amount of any write-down for the loss of service potential is recognised in the surplus or deficit in the year of the write-down.

Property, plant, and equipment

Property, plant, and equipment consist of leasehold improvements, electronic data processing (EDP) equipment, and furniture and office equipment and are shown at cost less accumulated depreciation and impairment losses.

Any write-down of an item to its recoverable amount is recognised in the statement of comprehensive revenue and expense.

Additions

The cost of an item of property, plant, or equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to Pharmac and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

Disposals

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposal are reported net in the surplus or deficit.

Subsequent costs

Costs incurred after initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to Pharmac and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant, and equipment, at rates that will write-off the cost of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows.

Item	Estimated useful life	Depreciation rate
Leasehold improvements	5 years	20%
Office equipment	2.5–5 years	20–40%
EDP equipment	2.5–5 years	20–40%
Furniture and fittings	5 years	20%

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is shorter.

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

Intangible assets

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use by Pharmac are recognised as an intangible asset. Direct costs include the software development, employee costs, and an appropriate portion of relevant overheads.

Staff training costs are recognised as an expense when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs associated with the development and maintenance of Pharmac's website are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is

available for use and ceases at the date that the asset is derecognised. The amortisation charge for each financial year is recognised in the surplus or deficit.

For computer software (the only identified intangible asset), the useful life is estimated as two to five years with a corresponding depreciation rate of 20–50 percent.

Payables
Short-term payables are recorded at their fair value.

Employee entitlements
Employee entitlements that are due to be settled within 12 months, after the end of the period in which the employee renders the related service are measured, based on accrued entitlements at current rates of pay. These include salaries and wages accrued to balance date and annual leave earned to date but not yet taken at balance date. Pharmac recognises a liability and an expense for at-risk provisions where it is contractually bound to pay them.

Superannuation schemes
Defined contribution schemes
Obligations for contributions to KiwiSaver and the State Sector Retirement Savings Scheme are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit as incurred.

Provisions
A provision is recognised for future expenditure of uncertain amount or timing where there is a present obligation (either legal or constructive) as a result of a past event. It is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time, value of money, and risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in 'finance costs'.

Equity
Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- Contribution capital
- Retained earnings and reserves
- CPB Discretionary Pharmaceutical Fund
- Hospital Discretionary Pharmaceutical Fund
- Legal Risk Fund
- Medical Devices Reserve.

Goods and Services Tax (GST)
All items in the financial statements are exclusive of GST, except for receivables and payables, which are stated on a GST-inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, Inland Revenue (IR) is included as part of the receivables or payables in the statement of financial position.

The net GST paid to or received from IR, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Income tax
Pharmac is a public authority and consequently is exempt from paying income tax. Accordingly, no provision has been made for income tax.

Budget figures
The budget figures are derived from the Statement of Performance expectations as approved by the Board at the beginning of the financial year. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Board in preparing these financial statements.

Cost allocation
Pharmac has determined the cost of outputs using the cost allocation system outlined below.

Direct costs are those costs directly attributed to an output. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific output.

Direct costs are charged directly to outputs. Indirect costs are charged to outputs based on cost drivers and related activity or usage information.

Critical accounting estimates and assumptions
In preparing these financial statements, Pharmac has made estimates and assumptions concerning the future. These estimates and assumptions may

differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The value of Pharmac's CPB Discretionary Pharmaceutical Fund is dependent on the value of the final estimate of the DHBs' expenditure against the CPB.

Critical judgements in applying Pharmac's accounting policies

The Minister of Health determined that the level of the Combined Pharmaceutical Budget (CPB) for 2021/22 would be $1,085 million.

The CPB comprises Government expenditure for community medicines, vaccines, haemophilia treatments and related products, some health products provided in the community settings (such as nicotine replacement therapies), and spending on all medicines that are administered in public hospitals.

The CPB is distributed to the 20 DHBs using a population-based funding formula. Pharmac monitors DHBs' spending on medicines via community pharmacy reimbursement claims and DHB hospital spending. Our role in relation to the CPB is to make decisions about which medicines and related products are funded, monitor and forecast pharmaceutical expenditure, and then report the total of all DHB expenditure as the CPB.

Additionally Pharmac negotiates rebates with pharmaceutical that are collected by Pharmac on behalf of, and distributed to DHBs (minus any agreed expenses with DHBs).

Pharmac is has assessed is acting as an agent on behalf of DHBs in relation to CPB and related transactions. Therefore, no transactions or balances have been recorded in the financial statements other than the Combined Pharmaceutical Budget Discretionary Pharmaceutical Fund (CPB DFP) which are funds held by Pharmac to manage CBF and to take advantage of any investment opportunities that might otherwise be funded in the year.

During 2021/22 the Government established a new Vote Health appropriation structure. This saw the establishment of a National Pharmaceuticals Purchasing appropriation from 1 July 2022 which will see Pharmac directly manage the Combined Pharmaceutical Budget and replaces the previous DHB arrangements. This represents a significant responsibility change for Pharmac.

Note 2: Personnel costs

	Actual 2022	Actual 2021
	$000	$000
Salaries and related costs	17,854	16,329
Employer contributions to defined contribution plans	443	371
Other personnel costs	535	538
Total personnel costs	**18,832**	**17,238**

Employer contributions to defined contribution plans include contributions to the State Sector Retirement Savings Scheme and KiwiSaver.

Note 3: Funding from the Crown - COVID-19 Treatments

	Actual 2022 $000	Actual 2021 $000
Revenue received (from the Ministry of Health)	139,000	-
Less COVID-19 Treatments costs/distributions	21,096	-
Total COVID Treatments surplus	**117,904**	**-**
COVID Treatments inventory	95,033	-
Total COVID Treatments inventory	**95,033**	**-**

During the 2021/22 financial year Pharmac took responsibility for the acquisition of various pharmaceuticals to aid in the treatment of COVID-19 patient recovery. The pharmaceutical purchases were funded from the Vote Health "Implementing the COVID-19 Vaccination Strategy" appropriation. A total of $139.0 million has been received by Pharmac. Pharmaceuticals were purchased totalling $116.129 million, of which $95.033 million was held as inventory at 30 June. There have been no write-downs in the 2021/22 financial year.

Note 4: Public equity

	Actual 2022 $000	Actual 2021 $000
CONTRIBUTION CAPITAL		
Balance at 1 July	1,856	1,856
Balance at 30 June	**1,856**	**1,856**
RETAINED EARNINGS AND RESERVES		
Balance at 1 July	11,224	9,353
Net surplus/(deficit)	100,894	(12,698)
Net transfer from/(to) CPBDPF	15,004	12,729
Net transfer from/(to) HDPF	-	1,200
Net transfer from/(to) Legal Risk fund	(143)	(20)
Net transfer from/(to) Medical Devices reserve	1,225	660
Balance at 30 June	**128,204**	**11,224**
CPBDPF		
Balance at 1 July	5,603	18,332
Add: Transfer from HDPF	9,401	-
Less: Pharmaceutical expenses transferred from/(to) retained earnings	(15,004)	(12,729)
Balance at 30 June	**-**	**5,603**
HDPF		
Balance at 1 July	22,193	23,258
Add: Transfer to Medical Devices Reserve	-	135
Less: Transfer to CPBDPF	(9,401)	-
Less: Expenses transferred from/(to) retained earnings	-	(1,200)
Balance at 30 June	**12,792**	**22,193**
LEGAL RISK FUND		
Balance at 1 July	8,457	8,437
Add: Interest received transferred from/(to) retained earnings	143	161
Less: Litigation expenses transferred from/(to) retained earnings	-	(141)
Balance at 30 June	**8,600**	**8,457**
MEDICAL DEVICES RESERVE		
Balance at 1 July	4,205	-
Add: Funding provided by the Crown	-	5,000
Less: Devices expenses transferred from/(to) HDPF	-	(135)
Less: Devices expenses transferred from/(to) retained earnings	(1,225)	(660)
Balance at 30 June	**2,980**	**4,205**
TOTAL PUBLIC EQUITY	**154,432**	**53,538**

Note 5: CPBDPF

The revenue in 2022 of $nil (2021: $nil) relates to the purpose of the DPF, which is to manage unexpected expenditure and enable Pharmac to take advantage of investment opportunities that might not otherwise be funded in that year. The expenditure in 2022 of $15.004 million (2021: $12.729 million) relates to disbursements to DHBs so that the CPB expenditure does not exceed the CPB budget of $1,085 million.

Note 6: Cash and cash equivalents

	Actual 2022 $000	Actual 2021 $000
Pharmac funds	28,600	8,710
Legal Risk Fund/HDPF (Restricted)	465	679
Total Cash and cash equivalents	**29,065**	**9,389**

Note 7: Investments

	Actual 2022 $000	Actual 2021 $000
Term deposits – Pharmac	19,800	9,600
Term deposits – Legal Risk Fund	8,100	7,800
Term deposits – HDPF	2,700	3,900
Total Investments	**30,600**	**21,300**

There is no impairment provision for investments.

The carrying amounts of term deposits with maturities of less than 12 months approximates their fair value.

Note 8: Debtors and other receivables

The carrying value of receivables approximates their fair value. Receivables are non-interest bearing and generally on 30 day terms.

	2022			2021		
	Gross $000	Impairment $000	Net $000	Gross $000	Impairment $000	Net $000
Not past due	216	-	216	183	-	183
Past due 30-60 days	-	-	-	-	-	-
Past due 31-90 days	-	-	-	-	-	-
Past due > 90 days	-	-	-	-	-	-
Total	**216**	**-**	**216**	**183**	**-**	**183**

All receivables greater than 30 days in age are considered to be past due.

Note 9: CPBDPF Monies

During the year, Pharmac advances CPBDPF monies to DHBs via the Pharmac-managed Combined Rebates Bank Account to enable earlier pay out of accrued rebates to DHBs. The CPBDPF is utilised at year end should DHB pharmaceutical expenditure exceed the CPB value. Where this is forecast, Pharmac ensures it recovers any advanced DPF cash prior to year end.

Note 10: Property, plant and equipment

	Cost at beginning of the year $000	Additions during the year $000	Disposals during the year $000	Accumulated depreciation beginning of the year $000	Depreciation for the year $000	Elimination on disposals $000	Net Carrying Amount as at 30 June $000
2021							
Furniture and fittings	387	228	-	294	52	-	269
EDP equipment	1,015	381	-	844	203	-	349
Office equipment	101	10	-	94	2	-	15
Leasehold improvements	1,474	128	-	1,024	134	-	444
Total PPE	**2,977**	**747**	**-**	**2,256**	**391**	**-**	**1,077**
2022							
Furniture and fittings	615	30	-	346	72	-	227
EDP equipment	1,396	103	-	1,047	224	-	228
Office equipment	111	-	-	96	3	-	12
Leasehold improvements	1,602	-	-	1,158	151	-	293
Total PPE	**3,724**	**133**	**-**	**2,647**	**450**	**-**	**760**

Note 11: Intangible assets

	Cost at beginning of the year $000	Additions during the year $000	Disposals during the year $000	Accumulated amortisation beginning of the year $000	Depreciation for the year $000	Elimination on disposals $000	Net Carrying Amount as at 30 June $000
2021 Total intangible assets	**620**	**-**	**(63)**	**529**	**20**	**-**	**8**
2022 Total intangible assets	**557**	**-**	**-**	**549**	**8**	**-**	**-**

Note 12: Creditors and other payables

	Actual 2022 $000	Actual 2021 $000
Creditors	279	544
Accrued expenses	2,943	1,267
Total creditors and other payables	**3,222**	**1,811**

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms. The carrying value of creditors and other payables approximates their fair value.

Note 13: Employee entitlements

	Actual 2022 $000	Actual 2021 $000
Annual leave entitlement	1,113	943
Accrued salaries and wages	687	533
Total employee entitlements	**1,800**	**1,476**

Note 14: Provisions

	Actual 2022 $000	Actual 2021 $000
Non-current provisions are represented by: Lease make good	328	328
Total non-current provisions	**328**	**328**

The make good provision relates to a rental lease that expires 31 December 2024. Pharmac leases five floors of an office building.

Note 15: Reconciliation of the net surplus from operations with the net cash flows from operating activities

	Actual 2022 ($000)	Actual 2021 ($000)
Net surplus/(deficit)	100,894	(12,698)
Add non-cash items:		
Depreciation and amortisation	458	411
Total non-cash items	458	411
Add/(less) movements in working capital items:		
Decrease/(increase) in debtors and other receivables	(33)	21,407
Decrease/(increase) in prepayments	(4,551)	397
Decrease/(increase) in COVID-19 Treatments inventory	(95,033)	-
Increase/(decrease) in creditors and other payables	1,411	(630)
Increase/(decrease) in employee entitlements	324	207
Decrease/(increase) in net GST	2,453	(4,670)
Net movements in working capital	(95,429)	16,711
Other movements		
CPBDPF monies released from/(deposited in) rebates bank account	23,186	(3,693)
Medical Devices Reserve funding	-	5,000
Total other movements	23,186	1,307
Net cash flows from operating activities	**29,109**	**5,731**

Note 16: Related party transactions

Pharmac is a wholly owned entity of the Crown. Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect Pharmac would have adopted in dealing with the party at arm's length in the same circumstances. Further, transactions with other government agencies (for example, government departments and Crown entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions for such transactions.

Key management personnel compensation	**Actual 2022**	**Actual 2021**
Board members		
Remuneration	$160,000	$153,000
Full-time equivalent members	5.92	5.75
Leadership team		
Remuneration	$2,175,476	$1,664,435
Full-time equivalent members	6.81	5.93
Total key management personnel compensation	**$2,335,476**	**$1,817,435**
Total full-time equivalent members	**12.73**	**11.68**

The full-time equivalent for Board members has been determined based on the number of Board members appointed for this financial year.

Note 17: Board members' remuneration

The total value of remuneration paid or payable to each Board and committee member during the year was:

Member	2022	2021
Hon Steve Maharey (Chair)	48	48
Dr Claudia Wyss (Deputy Chair)	24	24
Talia Anderson-Town	14	-
Dr Anthony Jordan	14	-
Dr Diana Siew	12	-
Dr Elizabeth Zhu	12	9
Dr Jan White (Deputy Chair)	12	24
Nicole Anderson	12	24
Prof Ross Lawrenson	12	24
Total Board member remuneration	**160**	**153**

There have been payments of $534,890 (2021: $593,000) made to committee members appointed by the Director-General of Health or the Board who are not Board members during the financial year.

Pharmac has provided a deed of indemnity to Directors for certain activities undertaken in the performance of Pharmac's functions.

Pharmac has taken out Directors' and Officers' Liability and Professional Indemnity insurance cover during the financial year in respect of the liability or costs of Board members and employees.

No Board members or committee members received compensation or other benefits in relation to cessation (2021: $nil).

Note 18: Employee remuneration

Total remuneration paid or payable $000	Actual 2022	Actual 2021
100 - 110	18	9
110 - 120	15	9
120 - 130	11	7
130 - 140	9	10
140 - 150	8	8
150 - 160	7	1
160 - 170	2	3
170 - 180	3	2
180 - 190	1	1
190 - 200	-	1
200 - 210	2	-
210 - 220	-	1
220 - 230	1	-
230 - 240	1	-
240 - 250	1	2
260 - 270	-	1
270 - 280	2	1
420 - 430	-	1
470 - 480	1	-

Note 19: Events after the balance date

From 1 July 2022 Pharmac will directly receive the funding for the CPB. Consequently revenue and expenditure and related transactions and balances will be recognised in Pharmac's financial statements from this date.

Note 20: Financial instrument risks

Pharmac's activities expose it to a variety of financial instrument risks, including market risk, credit risk, and liquid risk. Pharmac has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from financial instruments. These policies do not allow any transactions that are speculative in nature to be entered into.

Credit risk

Credit risk is the risk that a third party will default on its obligation to Pharmac, causing Pharmac to incur a loss. Due to the timing of its cash inflows and outflows, Pharmac invests surplus cash with registered banks. Pharmac does not have significant concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that Pharmac will encounter difficulty raising liquid funds to meet commitments as they fall due.

In meeting its liquidity requirements, Pharmac closely monitors its forecast cash requirements. The table below analyses Pharmac's financial liabilities that will be settled based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	2022 Less than 6 months ($000)	**2021 Less than 6 months** ($000)
Creditors and other payables	3,222	1,811

Fair value

The carrying amounts of financial instruments as disclosed in the financial statements at 30 June 2022 and 30 June 2021 approximate their fair values as shown in note 12.

Note 21: Categories of financial instruments

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit rating.

Counterparties with credit ratings	Actual 2022 **$000**	Actual 2021 **$000**
Cash at bank and term deposits		
AA-	46,066	44,875
A	13,500	9,000
Total cash at bank and term deposits	**59,566**	**53,875**
Receivables		
Debtors and other receivables	216	183
Total receivables	**216**	**183**

Note 22: Capital management

Pharmac's capital is its equity, which comprises accumulated funds and other reserves. Equity is represented by net assets.

Pharmac is subject to the financial management and accountability provisions of the Crown Entities Act 2004, which imposes restrictions in relation to borrowings, acquisition of securities, issuing guarantees and indemnities, and the use of derivatives.

Pharmac manages its equity as a by-product of prudently managing revenues, expenses, assets, liabilities, investments and general financial dealings to ensure Pharmac effectively achieves its objectives and purpose, while remaining a going concern.

Pharmac is currently exempt from the imposition of the Crown's capital charge.

Note 23: Cessation payments

This information is presented in accordance with section 152(1)(d) of the Crown Entities Act 2004. Cessation payments include payments that the person is entitled to under contract on cessation such as retirement payment, redundancy, and gratuities. Pharmac made no cessation payments to former employees during the financial year (2021: $nil).

Note 24: Explanation of major variances against budget

Explanations of major variances from Pharmac's estimated figures in the Statement of Performance Expectations (SPE) are as follows:

Statement of comprehensive revenue and expense

The net surplus for the year ended 30 June 2022 of $100,894,000 is $129,300,000 higher than the SPE budgeted (deficit) of ($28,406,000). Revenue is higher than budget by $139,826,000 predominantly from the inclusion of the COVID-19 Treatments revenue where Pharmac is now responsible for sourcing COVID-19 Treatment products and to a lesser extent higher interest earnings and additional funding for vaccines programmes.

Total expense was $66,567,000, which was $10,526,000 higher than budget. Pharmac purchased a total of $116,129,000 of COVID-19 Treatments products of which $95,033,000 is included as inventory, with a net cost of $21,096,000. This is offset partly by CPBDPF payments to DHBs of $15,004,000 (net of GST) which is $12,370,000 lower than the budgeted CPBDPF and HDPF combined, and an underspend of $575,000 on Implementation costs owing to cessation of some older programmes. Operating costs were $2,718,000 higher than budget from additional vaccine storage costs and freight contribution costs. Other routine variances were not material.

Statement of financial position

The major changes in the statement of financial position relate to the recognition of COVID-19 Treatments inventory, the return of the amount of monies deposited in rebate bank accounts and change in financial position resulting from the CPBDPF payment, associated GST movements, and the additional funding for COVID-19 related transportation costs. The increase in public equity of $124,078,000 reflects the movements described above.

Note 25: Impact of COVID-19

As a consequence of the COVID-19 global pandemic, in late March 2020 the New Zealand Government declared a State of National Emergency. This resulted in New Zealand entering a four-week national lockdown. Restrictions were then gradually relaxed, and from early June 2020, New Zealand moved to alert level 1. At alert level 1, there are no significant restrictions within New Zealand, however, there continue to be significant border controls severely limiting access into New Zealand.

During the 2021/22 financial year Pharmac took responsibility for the acquisition of various pharmaceuticals to aid in the treatment of COVID-19 patient recovery. The pharmaceutical purchases were funded from the Vote Health "Implementing the COVID-19 Vaccination Strategy" appropriation.

We have assessed the impact of the pandemic on Pharmac. We have also reviewed our financial statements on a line-by-line basis and considered whether any adjustments where necessary in accordance with NZ GAAP. No adjustments were identified or required. The main factors contributing to this conclusion are:

- Pharmac operations continued without interruption during the pandemic.
- Pharmac revenue was not materially impacted.
- Pharmac unrestricted balance sheet accounts, including equity, were not materially impacted.

Management will continue to monitor the impact of the pandemic on the results of the entity and manage the business accordingly to best ensure Pharmac continues to meet its financial and other objectives.

Appendix

Research papers

11 research papers were published in 2021/22 with support from Pharmac.

Papers funded by Pharmac either directly in full, in part:

Gout insights impact on Māori	https://pharmac.govt.nz/assets/Gout-insights-Impact-on-Maori-December-2021.pdf
Effectiveness of a preschool asthma education programme	Effectiveness of a preschool asthma education programme, compared to usual care, on the frequency of acute asthma events: a community-based cluster randomised trial. Walker N, von Blaramberg T, Mackay J, McNaughton W, Strickland J, Van Mil J, Moorcroft J, Funnell C, Smith L, Bettle E, Power K, Parore M, Parag V, Bullen C, Springford Metcalfe S. New Zealand Medical Journal, 2022.
A decision aid to incorporate patient preferences into biologic therapies	What are the preferences of patients with rheumatoid arthritis for treatment modification? a scoping review. Chan SJ, Yeo HY, Stamp LK, Treharne GJ, Marra CA. *Patient*, 2021.
Improving metformin adherence and persistence in people with type 2 diabetes	Patterns of metformin monotherapy discontinuation and reinitiation in people with type 2 diabetes mellitus in New Zealand. Horsburgh S, Sharples K, Barson D, Zeng J, Parkin L. *PLoS One*, 2021. What helps and hinders metformin adherence and persistence? A qualitative study exploring the views of people with type 2 diabetes. Parkin L, Maclennan K, Te Morenga L, Inder M, Moata'ane L. *N Z Med J*, 2021.
Improving acceptance of generic medicines	The mode of delivery and content of communication strategies used in mandatory and non-mandatory biosimilar transitions: a systematic review with meta-analysis. Gasteiger C, den Broeder AA, Stewart S, Gasteiger N, Scholz U, Dalbeth N, Petrie KJ. *Health Psychol Rev*, 2021. Is three a crowd? the influence of companions on a patient's decision to transition to a biosimilar. Gasteiger C, Groom KM, Lobo M, Scholz U, Dalbeth N, Petrie KJ. *Ann Behav Med*, 2021. Changing understanding, perceptions, pain relief of and preference for generic medicines with patient education: an experimental intervention study. Kleinstäuber M, Colgan S, Petrie KJ. *Res Social Adm Pharm*, 2021. Increasing and dampening the nocebo response following medicine-taking: a randomised controlled trial. MacKrill K, Morrison Z, Petrie KJ. *J Psychosom Res*, 2021. Patients' beliefs and behaviours are associated with perceptions of safety and concerns in a hypothetical biosimilar switch. Gasteiger C, Lobo M, Dalbeth N, Petrie KJ. *Rheumatol Int*, 2021.

Papers including Pharmac staff as co-authors:

- Effectiveness of a preschool asthma education programme, compared to usual care, on the frequency of acute asthma events: a community-based cluster randomised trial. Walker N, von Blaramberg T, Mackay J, McNaughton W, Strickland J, Van Mil J, Moorcroft J, Funnell C, Smith L, Bettle E, Power K, Parore M, Parag V, Bullen C, Springford Metcalfe S. New Zealand Medical Journal, 2022.
- Gout insights impact on Māori. https://pharmac.govt.nz/assets/Gout-insights-Impact-on-Maori-December-2021.pdf
- Using a randomised controlled trial to test the effectiveness of social norms feedback to reduce antibiotic prescribing without increasing inequities. Chappell N, Gerard C, Gyani A, Hamblin R, McKree R, Lawrence A, Mackay J, et al. *New Zealand Medical Journal*, 2021

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