

Pharmaceutical Management Agency  
Te Pātaka Whaioranga

# ANNUAL REPORT

2023/24



PHARMAC  
TE PĀTAKA WHAIORANGA

**Te Kāwanatanga o Aotearoa**  
New Zealand Government

© Pharmaceutical Management Agency



ISSN 2382-0780 (Print)  
ISSN 2382-0799 (Online)

This work is licensed under the Creative Commons Attribution 4.0 International License. You are free to copy, distribute and adapt it, as long as you attribute the work to Pharmac and abide by the other licence terms. To view a copy of this license, visit <http://creativecommons.org/licenses/by/4.0/>

# Table of Contents

- Chair's report .....2
- Who we are..... 4
- Our operating context..... 8
- Our funding for 2023/24 ..... 9
- Who we work with.....10
- Summary of spending ..... 12
- Statement of responsibility.....18
- Our strategic direction ..... 19
- Our strategic priorities.....20
- Strategic priority one: Strategic management of the CPB .....20
- Strategic priority two: Enhanced assessment and decision making.....26
- Strategic priority three: Strategic management of medical devices.....35
- Organisational excellence..... 38
- Independent auditor's report .....56
- Financial statements..... 61
- Appendix one .....86

# *Te pūrongo a te heamana* **Chair's report**

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

What a year! Pharmac has achieved so much in the past 12 months and the organisation is in a great position to make an even bigger contribution to New Zealanders' health and wellbeing in the year ahead.

I took up the role of Chair of the Pharmac Board in May and I want to acknowledge the work of my predecessors, Steve Maharey as Chair and then Peter Bramley as Acting Chair, as well as Board member Dr Anthony Jordan who resigned during the past year. It's been a rapid learning curve for me since joining the Board and I'm grateful for all of the great work that has been done prior to my arrival, which provides a strong foundation for the next 12 months.

I'm very pleased to present Pharmac's achievements and performance results for the 2023/24 year in this Annual Report.

In 2023/24, Pharmac funded medicines that were expected to benefit 19,851 additional people. Access to 16 medicines was widened and 12 new medicines were funded. This included medicines for breast, blood and ovarian cancer, severe haemophilia A and primary progressive multiple sclerosis. All these medicines will make a real difference to the people with these health conditions, their families and communities. I really applaud the people who provided feedback to Pharmac about the importance of these medicines for their health care, the clinicians who talked about what their patients need and the suppliers who have worked with Pharmac to get these medicines into the country.

Our increasing role in hospital medical devices has also provided opportunities to deliver value to the health system. In 2023/24 we were able to add 5,000 medical devices line items to the Pharmaceutical Schedule and we reached our goal of \$600 million total value of medical devices under contract. Moving to a model where there is a single list of products and a single price will not only create savings and efficiencies for our public hospitals, it will also create consistency for patients no matter where they live in New Zealand and which hospital they visit.

One of the priorities for us is to continue working to improve our processes so that we are able to make decisions as quickly and efficiently as possible. We want to make sure we get medicines to your local pharmacy or hospital as soon as possible so that they can make the most difference for the people who need them. In the past year we changed our process so that we can assess a funding application at the same time as Medsafe assesses the application for regulatory approval. This means that medicines can be considered for funding sooner.

We have highlighted some of our engagement work with consumers, stakeholders, and sector representatives in this Annual Report. This is an important focus for Pharmac and we will be looking at how we can further strengthen consumer input into our work, how we can partner with advocacy organisations, clinical groups and suppliers to enhance our work and make our processes more transparent. We know that our success relies on working collaboratively with others.

Like others in the health sector, we have now moved COVID-19 treatments into our business-as-usual activity. In July 2023, we received \$164.8 million from the Government to take over responsibility for the management of COVID-19 vaccines and treatments. Using this funding, we have been able to secure COVID-19 treatments and confirm future supplies for new COVID-19 vaccines.

At the end of 2023/24, the Government gave Pharmac an additional \$604 million over four years to fund or widen access to more medicines, both for cancer and other health conditions. We were able to start work immediately as a lot of work had already happened behind the scenes. We are now working with other health agencies to support implementation of these medicines as funding decisions are made.

Overall, this document reports on the work outlined in the Statement of Performance Expectations 2023/24. It is our first-year reporting on the strategic framework introduced in our Statement of Intent for 2023/24 – 2026/27. We welcomed the Government Policy Statement on Health during the year, setting the direction for the health system for the next three years, and we look forward to continuing to contribute to the Government's goals.

Finally, the Board and I would like to thank Pharmac's Chief Executive and staff for their expertise and hard work in the past year.

Hon Paula Bennett  
Chair, Pharmac Board



*Ko wai mātou*

# Who we are

## Our purpose and what we do

### Our mandate

Therapeutic products are the most common intervention in health care. Ensuring that New Zealanders have timely and equitable access to a wide range of effective medicines, vaccines, medical devices and related products, and are able to use these well, is the main way Pharmac contributes to improved wellbeing and quality of life for all.

Pharmac's legislative objective is set out in section 68 of the Pae Ora (Healthy Futures) Act 2022:

“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”.

We are a Crown entity under the Crown Entities Act 2004, accountable to the Associate Minister of Health. The Associate Minister of Health appoints Pharmac's Board, which has the powers necessary to govern and manage Pharmac.

### We manage the Pharmaceutical Schedule

We help protect, promote, and improve the health of all New Zealanders by deciding which medicines, vaccines, medical devices and related products are funded for New Zealanders. We manage contracts with suppliers and ensure there are sufficient supplies available nationwide.

We manage New Zealand's fixed budget for pharmaceuticals, including securing savings for reinvestment in medicines, and manage the Pharmaceutical Schedule (the Schedule). The Schedule lists all Government-funded medicines and related products in New Zealand and includes:

- all funded medicines in the community and some medical devices used in the community
- all funded medicines that can be used in public hospitals
- most Government-funded vaccines
- all public hospital medical devices with national contracts
- the rules for dispensing or giving medicines
- the price and subsidy for each medicine
- any rules or limits on access to funding for specific medicines or groups of medicines to ensure medicines are provided to the right people.

## We manage vaccines in New Zealand

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 manage the funding, purchasing, and distribution of most Government-funded vaccines in New Zealand. This includes vaccines on the National Immunisation Schedule (NIS) and COVID-19 vaccines.

Health New Zealand | Te Whatu Ora is responsible for delivering the vaccination programme. We work with the Immunisation Outcomes Collective and other cross-agency groups to coordinate immunisation activities and services in New Zealand.

## We fund treatments for people with exceptional clinical circumstances

We may approve funding of a medicine, vaccine, or related product for an individual with exceptional clinical circumstances. For example, a prescriber may want to prescribe a treatment that is not funded, or that is funded for other uses, but not the particular health condition they want to treat.

In these situations, we make decisions through a process called a Named Patient Pharmaceutical Assessment (NPPA), where a person's prescriber applies for them to access funding for these treatments.

## We promote treatments being used the right way

We promote the responsible use of medicines, devices and related products in New Zealand. We do this by providing information and educational material to health professionals and the public.

## We participate in research

We collaborate with other agencies and organisations to contribute to research projects that are mutually beneficial, including providing funding and sharing data and information. We acknowledge the importance of data sovereignty and only use data for the purpose for which it was collected.

## We are working on hospital medical devices

We are applying our expertise and processes to maximise health benefits to New Zealanders from hospital medical devices.

We are building a list of devices used in public hospitals by negotiating national contracts to build a solid foundation for strategic management of hospital medical devices. We are working with Health New Zealand and other sector partners to implement an integrated approach to the management of hospital medical devices which drives better value and more consistent and equitable access.

## Our Board of Directors 2023/24

Hon Paula Bennett	Chair from 13 May 2024
Hon Steve Maharey	Chair to December 2023 MA (Hons), CNZM
Dr Peter Bramley	Acting Chair from December 2023 – 12 May 2024 Deputy Chair (BSc (Hon), LL.B, PhD)
Talia Anderson-Town	BBS, PG Dip Professional Accounting, CA, CPP  (Ngā Wairiki, Ngāti Apa, Ngā Rauru, Ngāti Tūwharetoa, Te Āti Haunui-a-Pāpārangī, Ngāti Kahungungu, Ngāti Maru, Te iwi Mōrehu)
Dr Diana Siew	PhD
Dr Margaret Wilsher	MB ChB, FRACP, MD, FRACMA
Dr Anthony Jordan	BHB, MBChB, FRACP (Ngāti Wai)

Our Chief Executive is Sarah Fitt.



## Our vision

### Tō mātou whakakitenga

The Pae Ora Act affirms our role, responsibilities, and obligations as kaitiaki for the hauora of our mokopuna - now and into the future. In demonstrating and leading on this commitment to action, we have set out a new vision for Pharmac:

#### ***He Rongoā Pai, He Ahu Pae Ora.***

Pae Ora speaks to the narrative of exploration, discovery, and the courage to traverse great distances across the ocean. The goal is to achieve something remarkable, to reach our destination somewhere on the distant horizon, te pae.

As we set forth, we firstly ensure our waka is seaworthy, provisioned, and safe. That our hearts and minds are prepared for the many challenges. That we are collective in our resolve to be successful in the journey. That we are focused and determined.

Rongoā are our precious cargo.

Ahu are our instruments, our directional tools.

Pae Ora is our purpose.

## Our values

### Ngā uaratanga

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.

Our five values are:

- **Whakarongo | Listen**

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

- **Tūhono | Connect**

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

- **Wānanga | Learn together**

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

- **Māia | Be courageous**

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

- **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.

*Ā mātou whakahaere*

# Our operating context

For most people, the health system delivers outcomes that compare well with health outcomes in other countries around the world. We have a dedicated and highly skilled health workforce, and our communities are engaged and focused.

The past few years have stretched and tested the health systems of every country. New Zealand has been impacted by the global COVID-19 pandemic, local natural events, the growing demands and expectations on the health and disability sector, and the need for fiscal restraint in the wake of economic pressures across our public services.

In 2022/23, the Ministry of Health | Manatū Hauora engaged with the public and health sector as part of developing the suite of strategies required under the Pae Ora Act. The Ministry heard that improvement is needed across a number of areas:

- access to health services needs to be improved
- people wanted models of care that respond to communities' needs
- voices of people, families, whānau, and communities are key to changing health care
- workforce capability and capacity needs to improve
- changing mindsets is crucial to improving outcomes
- cross-agency partnerships are needed to address the broader determinants of health and wellbeing.

## **The health strategies and priorities set the long-term direction for the health system**

The six health strategies<sup>1</sup> published in July 2023 provide the direction to guide health entities in protecting, promoting, and improving specific health outcomes. They set out the opportunities and changes needed to improve New Zealand's health outcomes over the next 5–10 years.

The Government Policy Statement on Health 2024 - 2027<sup>2</sup> (GPS), released by the Coalition Government on 30 June 2024, sets out priority areas for action and improvement over the next three years to ensure timely access to quality health care and meet immediate health needs, while also making progress towards the overall directions set in the health strategies.

## **Pharmac response**

There will always be strong advocacy for funding of new medicines, vaccines, medical devices, and related products, and more options than we can possibly fund. Our contribution will be to make careful and transparent decisions, well-informed by evidence and all relevant information, about the best funding choices for New Zealand. We will continue to adapt our strategies and operations to meet expectations, with a focus on continuous improvement, consumer input, transparency, and responsiveness.

Pharmac will give effect to the health strategies and priorities of the GPS through our work. We have captured our intentions as part of our 2024/25 Statement of Performance Expectations and the planned refresh of our Statement of Intent in late 2024.

---

<sup>1</sup> The six strategies are - New Zealand Health Strategy; Pae Tū: Hauora Māori Strategy; Te Mana Ola: The Pacific Health Strategy; Health of Disabled People Strategy; Women's Health Strategy; and Rural Health Strategy.

<sup>2</sup> <https://www.health.govt.nz/publications/government-policy-statement-on-health-2024-2027>.

*Te tahua pūtea o te tau 2023/24*

# **Our funding for 2023/24**

## **Combined Pharmaceutical Budget**

Pharmac manages the fixed budget set by Government. This budget is known as the Combined Pharmaceutical Budget or (CPB), which was a total of \$1.806 billion for 2023/24.

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

COVID-19 vaccines and COVID-19 treatments are also part of the CPB. This funding enables Pharmac to procure COVID-19 vaccines and secure access to a range of COVID-19 treatments.

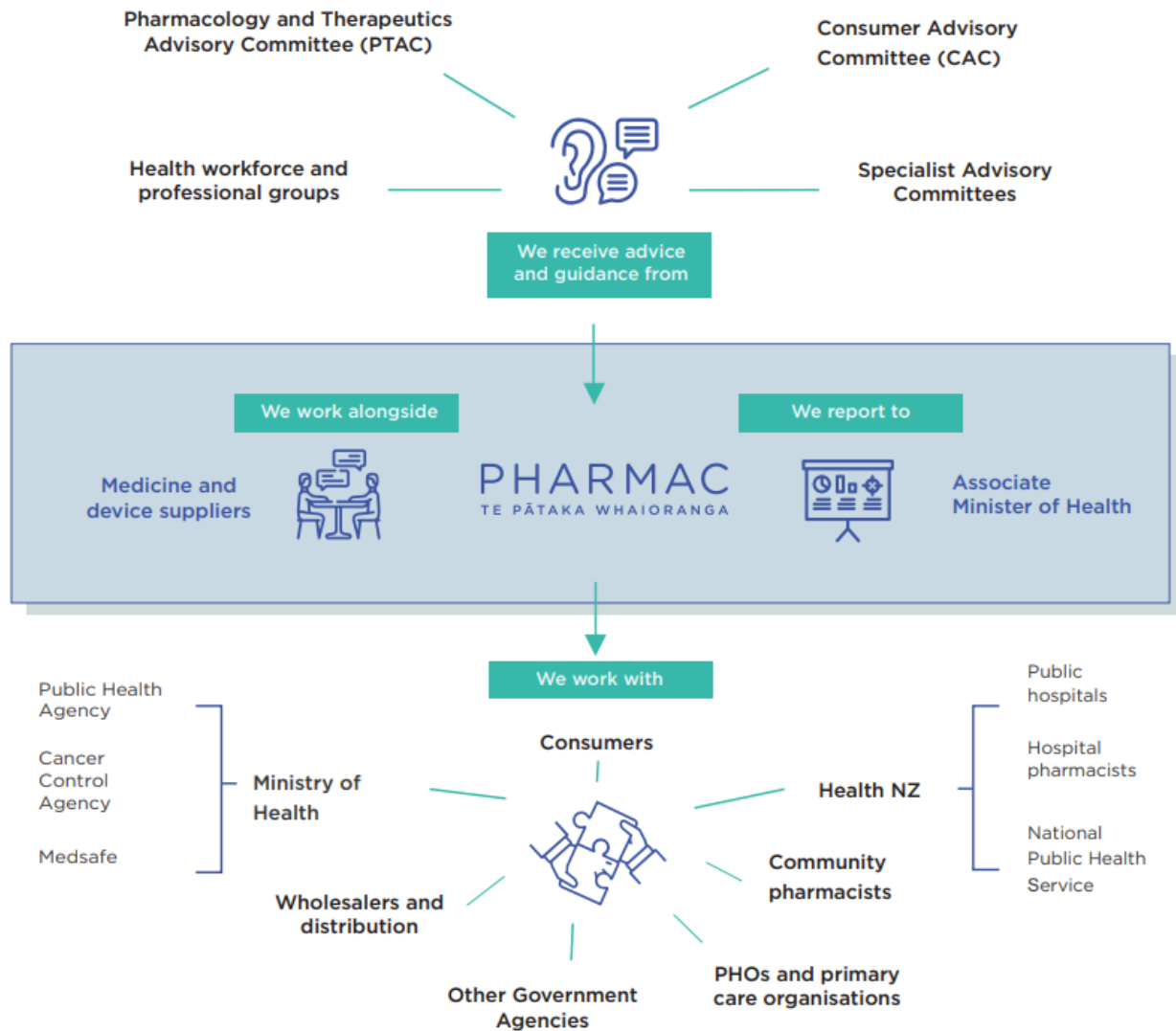
## **Our operating budget**

Our operating budget covers the day-to-day costs of running Pharmac. It is separate to the CPB, and we cannot use CPB funding to meet our operational costs.

*Ō mātou hoamahi*

# Who we work with

**We play a key role in the health and disability system**



We work with all health agencies to inform our assessment and decision making and to achieve the best health outcomes from medicines, vaccines, medical devices, and related products.

During 2023/24 we built strong working relationships with other health agencies, collaborating on projects, contributing our advice and expertise and seeking theirs, and assisting progress with major initiatives including building strategies for the future of the New Zealand health system.

As well as the health agencies, we depend significantly on the work of others across the health and disability system. There are many people and organisations involved in ensuring medicines, vaccines, medical devices, and related products are available and used in

New Zealand – and we connect with and get the views of all these groups in the work that we do. During 2023/24 this has included:

- consumer advocacy groups which understand the particular issues and concerns that their members have around access to and use of their medicines, vaccines, medical devices, and related products
- companies which manufacture and supply medicines and medical devices to make sure we have good supply of effective products
- the people who prescribe these products so that they know about the types of funded medicines, vaccines, medical devices, and related products available
- pharmacists, who are medicine experts and manage stockholding of medicines, as well as providing advice to people when they are given a medicine
- other health care professionals involved in the administration and use of medicines, vaccines, medical devices, and related products.

We also work closely with other government agencies not in the health and disability system such as the Ministry for Pacific Peoples and the Ministry of Foreign Affairs and Trade.

*He whakarāpopoto o ngā whakapaunga pūtea ki te rongōā*

# Summary of spending

## Combined Pharmaceutical Budget

The Combined Pharmaceutical Budget (CPB) is directly managed by Pharmac via the National Pharmaceutical Purchasing appropriation within Vote Health.

From 1 July 2023, the funding to help manage the impact of COVID-19 was brought into the CPB, resulting in stock movement costs also being recognised.

The National Pharmaceutical Purchasing Appropriation increased from \$1.186 billion in 2022/23 to \$1.806 billion in 2023/24. This included the National pharmaceutical purchasing budget of \$1,521.380 million<sup>3</sup> and additional COVID-19 related funding of \$284.831 million.

Spending for the 2023/24 year compared with the previous two years.

2021/22 (\$ million)	2022/23 (\$ million)	2023/24 (\$ million)	Component
1,085.0	1,186.0	1,521.4	National pharmaceutical purchasing budget
-	16.9	10.1	Interest
737.6	743.3	933.0	Rebates (through our commercial agreements with suppliers) and adjustments
1,837.6	1,920.5	2,511.0	Total gross CPB spending on medicines, devices and related products, including cancer treatments, vaccines, and haemophilia treatments. <sup>4</sup>
-	8.9	10.2	Under/(Over) Spend (excluding stock movements)
-	8.9	- 46.4	Under/(Over) Spend (including stock movements)
-15.0	-	-	Transfers from/to the CPB Discretionary Pharmaceutical Fund (DPF)
-	131.8 million	90.5 million	Equity

<sup>3</sup> National Pharmaceutical Purchasing Appropriation (excluding specific COVID related funding that is yet to be spent).

<sup>4</sup> This figure is slightly different to our financial reporting, which includes all transactions.



He tau anō nō te tau

## The year in numbers

Combined Pharmaceutical Budget



**4.086 million**

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



**19,851**

Estimated number of additional patients benefitting from Pharmac's decisions implemented in 2023/24



**12**

Number of new treatments funded



**16**

Number of treatments with access criteria widened



**1.806 billion**

National pharmaceuticals purchasing appropriation



**1.578 billion**

Total net CPB expenditure



**162.16 million**

Savings reinvested in medicines, medical devices and related products

## Hospital medical devices

2023/24



**5,000**

Line items added to the Pharmaceutical Schedule under national contracts



**168,266**

Total line items on the Pharmaceutical Schedule under national contracts



**\$75 million**

Value of additional hospital medical devices secured under contract in 2023/24



**\$605 million**

Total value of hospital medical devices under Pharmac contracts

## Factors determining CPB expenditure

The total gross expenditure on medicines, vaccines and medical devices funded from the CPB this year was \$2,511.04 million.<sup>5</sup>

In addition to incurring costs from volume<sup>6</sup> growth \$319 million (\$53.93 million in 2022/23) and subsidy<sup>7</sup> increases \$129.09 million (\$37.74million), Pharmac made new investment decisions during the year to widen access to medicines that are already funded of \$53 million (\$54.4 million in 2022/23) and to fund new medicines of \$49 million (\$55.1 million in 2022/23).<sup>8</sup>

With continuing cost pressures from prescription growth, price increases and new investments, Pharmac has generated significant savings of \$162.16 million (\$109.55 million in 2022/23) through commercial negotiations and processes. This enables us to fund new medicines and stay on budget.

<b>Summary of Combined Pharmaceutical Expenditure 2023/24 (\$ million)</b>	
<b>Year End 2022/23 Gross Pharmaceutical Cost</b>	<b>\$1,920.46</b>
Volume changes in 2023/24	\$319.00
Widened Access in 2023/24	\$53.09
New Listings in 2023/24	\$49.49
<b>Impact of Volume changes</b>	<b>\$421.59</b>
Subsidy increases in 2023/24	\$129.09
Subsidy decreases in 2023/24	-\$162.16
<b>Impact of Subsidy changes</b>	<b>-\$33.07</b>
Changes to Direct costs & Other	\$202.06
<b>Year End 2023/24 Gross Pharmaceutical Cost</b>	<b>\$2,511.04</b>

<sup>5</sup> This represents gross expenditure. It differs slightly from our financial reporting, which uses net expenditure.

<sup>6</sup> Volume refers to the amount of medicines required to be purchased which changes over time.

<sup>7</sup> Subsidy refers to the portion of the cost of pharmaceuticals that is paid by Pharmac.

<sup>8</sup> 2022/23 figures exclude COVID-19 related medicines, 2023/24 figures include COVID-19 related medicines.

## Increase in number of treatments available

As shown in the following table, to 30 June 2024 we have invested in 12 new medicines and 16 access widenings for implementation in the 2023/24 financial year, benefitting an estimated 19,851 people in New Zealand.

Decision type	No. of pharmaceuticals	Estimated new patients 2023/24
Widened access <sup>9</sup>	16	10,081
New listing <sup>10</sup>	12	9,770
<b>Total</b>	<b>28</b>	<b>19,851</b>

## Number of treatments Pharmac has funded or widened access to over the 10 years 2014/15 – 2023/24

Year	CPB (\$ million)	New listings	Widened access	Total
2023/24	1,806	12	16	28
2022/23	1,186	20	22	42
2021/22	1,085	6	16	22
2020/21	1,045	13	19	32
2019/20	1,040	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

<sup>9</sup> Changes in access criteria for existing funded medicines, making them more accessible and/or available for a wider patient population(s).

<sup>10</sup> Any medicine not currently listed on the Pharmaceutical Schedule and any new presentations (eg tablet, infusion, injection) that represent a significant shift in treatment options for patients.

## Medicines spending highlights

### Cancer medicines

- We announced the funding of two new cancer treatments, ribociclib for advanced breast cancer and midostaurin for blood cancer, which will improve health outcomes for hundreds of New Zealanders. In the first year of funding, approximately 400 people will be eligible to receive these medicines.
- We funded three new treatments and widened access to another treatment and a vaccine, through a multi-product agreement with GlaxoSmithKline New Zealand (GSK). The agreement covers a new treatment for ovarian cancer, a new single inhaler triple-therapy for lung disease, a new combination treatment for HIV. It also includes widened access to funding for a treatment for a rare condition affecting blood vessels, and widened access to a vaccine for people at high risk of getting shingles. The funding is expected to benefit more than 30,000 people.
- We transitioned to a trastuzumab biosimilar, Herzuma, from the previously funded brand, Herceptin, as the result of a competitive procurement process. The treatment is funded for people with metastatic HER2 positive breast cancer. This will provide approximately 130 people a year with a longer and better quality of life.

### Other significant investments

- We made it easier for people with Wilson disease to get the medicine they need. From 1 May, trientine was listed on the Pharmaceutical Schedule. Listing trientine on the Schedule means people and prescribers will have clarity on who it's funded for and simplifies how people get it. It will also mean their approvals for funding will be life-long.
- We widened access to emicizumab (branded as Hemlibra) for the treatment of people with severe haemophilia A without factor VIII inhibitors. We expect that 115 people will access this treatment during the first year of funding, increasing to 140 people per year as they transition from other treatments. There are many children in this group.
- We widened access to ocrelizumab (branded as Ocrevus) as the first funded treatment for primary progressive multiple sclerosis. Ocrelizumab slows the progression of the condition, providing a higher quality of life, compared with current care for those living with primary progressive multiple sclerosis.
- The New Zealand Needle Exchange Programme welcomed our decision to supply them with naloxone injections. This will ensure naloxone is available in the community to treat opioid overdoses. Naloxone quickly reverses an overdose of drugs such as heroin, oxycodone, fentanyl or synthetic opioids.

## Responding to COVID-19

### *Vaccines*

We are responsible for the management of COVID-19 vaccines, including funding, eligibility, procurement, and supply. This follows the transfer of responsibilities from Health New Zealand from 1 July 2023. The Combined Pharmaceutical Budget (CPB) was adjusted to integrate the previously separate funding for COVID-19 treatments and vaccines.

Vaccines to combat the newer strains of COVID-19 were made available to New Zealanders in time for winter 2024. We secured supply of the updated vaccines to ensure New Zealanders have access to the COVID-19 XBB.1.5 vaccine in time for people to protect themselves ahead of winter.

### *Treatments*

We continue to be responsible for New Zealand's portfolio of COVID-19 treatments, including funding, eligibility, procurement and supply.

New Zealand's portfolio of COVID-19 treatments currently includes two antiviral treatments specifically for the treatment of COVID-19 infection in community and hospital settings, nirmatrelvir and ritonavir (brand name Paxlovid) and remdesivir (brand name Veklury). Other treatments remain available for the management of COVID-19 symptoms.

In 2023/24 we widened access to COVID antiviral treatments. This saw us making them available for more New Zealanders who need them, including disabled people and people with severe health conditions. We have also worked closely with Health New Zealand to ensure ongoing supply of COVID-19 treatments. We have also continued to review and manage New Zealand's portfolio of COVID-19 treatments to ensure it remains appropriate.

*Te tauaki noho haepapa*

# Statement of responsibility

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

1. preparing the annual Financial Statements (from page 63) and Statement of Performance (page 21 to page 39) 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 2024 fairly reflect the financial position and operations of Pharmac.



**Hon Paula Bennett**  
Chair  
31 October 2024



**Talia Anderson-Town**  
Chair, Finance, Audit and Risk Committee  
31 October 2024



*Te koronga rautaki*

# Our strategic direction

Our *Statement of Intent 2023/24–2026/27*<sup>11</sup> (SOI) was published in July 2023. Our strategic framework in the SOI sets out our vision, strategic priorities, and contribution to the principles and outcomes of the health and disability system. The Pae Ora Act is the foundation for our vision and strategy and underpins all our work.

Our strategy is built around shaping improvements in the way that we manage and invest in medicines and medical devices. These improvements focus on three key areas.

1. **Strategic management of the Combined Pharmaceutical Budget:** There are significant opportunities to better plan and manage the Budget over a medium-term horizon to ensure that we achieve the best health outcomes and health equity for New Zealanders from medicines, vaccines, and related products, while staying within the fixed budget set by Government.
2. **Enhanced assessment and decision making:** Making improvements to ensure that we make high-quality, evidence-based, and timely funding decisions that achieve equitable health outcomes. We need clear and consistent processes for assessment and decision making, including clarity of how equity considerations and te Tiriti are embedded throughout our work.
3. **Strategic management of medical devices:** We have built strong foundations for medical device contracting and procurement. With our sector partners there are significant opportunities to maximise health benefits to New Zealanders by implementing an integrated approach to hospital medical devices, which drives better value and more consistent and equitable access.

We intend for te Tiriti o Waitangi, health equity and collaboration and engagement to be key components of Pharmac's activities and initiatives. Underpinned by organisational excellence, they are integral to everything that we do.

---

<sup>11</sup> Available at: <https://pharmac.govt.nz/assets/Uploads/SOI-2023-v1.0.pdf>.

# Our strategic priorities

In the following section, we set out our achievements and the results for our performance measures for each strategic priority.

We have compared our results to the targets set in Statement of Performance Expectations 2023/24 comparing the results for this year with previous years wherever possible.

## Strategic priority one: Strategic management of the CPB

Our main role is to get the best health outcomes from medicines, vaccines, and related products for New Zealanders while staying within the fixed budget set by Government.

### What we want to achieve

We need to better optimise funding available and take a longer-term view of how and where we direct funding to achieve improved health outcomes and health equity.

Through this priority we seek to:

- use multi-year funding arrangements to take a longer-term view of spending decisions and the impact on the health and disability system. We want to ensure we have funding available for both new investments and unplanned, necessary expenditure, and that we get the mix right.
- update and adapt our commercial activities to accommodate the expansion in Pharmac's scope, changes in the New Zealand and global pharmaceutical market, and broader Government procurement objectives.
- enhance how pharmaceuticals are reimbursed in different settings<sup>12</sup>, to make it easier for New Zealanders to collect their medicines, improve our understanding of how and where pharmaceuticals are used, and to ensure an efficient and effective use of available funding.

---

<sup>12</sup> By different settings we mean the range of different types of places where reimbursement by occurs, for example community pharmacy, hospital pharmacy, general practice, and so on.

What we planned to deliver in 2023/24	Our achievements
Scope a strategic CPB investment pathway for Budget 2024.	We worked closely with the Ministry of Health and Treasury, providing information to support the budget process. Funding increases were announced by Government late in 2023/24.
Progress number of medicines investments focused on health needs of Māori and improving health equity.	Of the 28 new medicine and access widening investments for implementation in 2023/24, 5 were identified as a Māori health area of focus, 17 as having an impact for Māori and 18 as having an impact for equity.
Update and adapt our commercial activities.	Building of tools to support and better inform our commercial activities is well underway. This is an ongoing process, and we will aim for continuous improvement of this work in 2024/25.
Work more collaboratively with the health sector and other stakeholders on service and workforce implications of our investments.	We are collaborating closely with Health New Zealand, the Cancer Control Agency, and Ministry of Health to implement funding decisions that will arise from the CPB uplifts provided in 2023/24.
Explore with Health New Zealand how we can improve hospital medicines management.	We have agreed a relationship agreement with Health New Zealand, and Memorandums of Understanding with Medsafe and the Cancer Control Agency.
Work with Health New Zealand on improvements to the Pharmaceutical Schedule as part of Health Sector Agreements and Payments programme.	The Health New Zealand Health Sector Agreements and Payments (HSAAP) system went live for PCTs <sup>13</sup> on 2 July 2024.

<sup>13</sup> PCT means a Pharmaceutical listed in Section B of the Schedule that a Health New Zealand Hospital Contractor may claim a subsidy payment for.

## Performance measures

### Increase in the number of New Zealanders receiving funded medicines

<b>2023/24 target</b>	Volume measure only.
<b>Method</b>	The total number is accumulated during the year as decisions come into effect.
<b>2023/24 result</b>	<p>In 2023/24 we estimate 4,086,749 New Zealanders received funded medicines. In 2022/23 we estimate 3,974,429 New Zealanders received funded medicines. This is an increase of 112,103 (2.83%).</p> <p>This information reports on community medicines, excluding haemophilia and cancer treatments from Pharmhouse<sup>14</sup>, and excluding supplier information for condoms and nicotine replacement therapy.</p>

### Increase in number of new medicines funded

<b>2023/24 target</b>	Volume measure only
<b>Method</b>	The total number is accumulated during the year as decisions are made.
<b>2023/24 result</b>	<p>We have invested in 12 new medicines for implementation in the 2023/24 financial year.</p> <p>2022/23 = 20 new medicines.</p>

### Access is widened to an increased number of medicines that are already funded

<b>2023/24 target</b>	Number of funded access widenings reported.
<b>Method</b>	The total number is accumulated during the year as decisions are made.
<b>2023/24 result</b>	<p>We have invested in 16 access widenings for implementation in the 2023/24 financial year.</p> <p>2022/23 = 22 access widenings.</p>

---

<sup>14</sup> Pharmhouse is a data base managed by Health NZ.

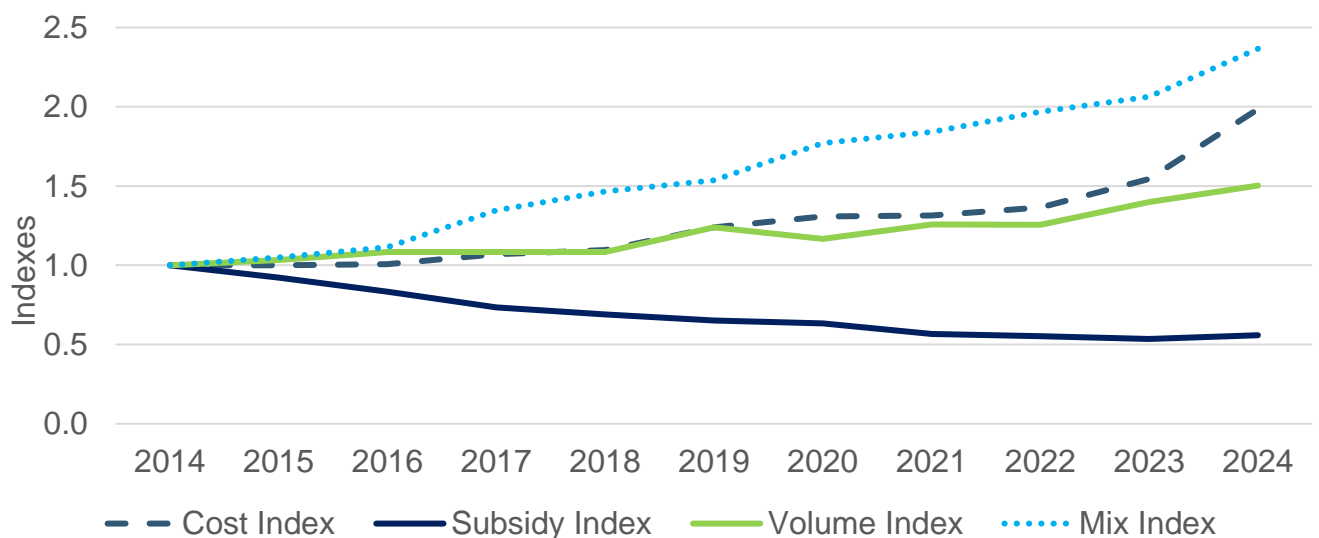
## Increase in the number of New Zealanders benefitting from new medicines funded (or widened)

<b>2023/24 target</b>	Number of additional New Zealanders receiving new medicines reported.
<b>Method</b>	The total number is accumulated during the year as decisions come into effect.
<b>2023/24 result</b>	2023/24 an estimated 19,851 estimated new patients, excluding COVID related medicines. 1,084,851 (including COVID related medicines).  2022/23 an estimated 364,954 new patients (excluding COVID related medicines)

## Access to medicines compared with subsidy

<b>2023/24 target</b>	Volume and mix go up compared with previous years.
<b>Method</b>	<p>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.</p> <p>The price index is a weighted average of the pharmaceutical schedule subsidy changes throughout the year. Volume<sup>15</sup> is a weighted average of the change in units dispensed throughout the year. Mix<sup>16</sup> represents the change in overall expenditure<sup>17</sup> that cannot be explained by price<sup>18</sup> or volume changes, eg when more expensive medicines are used without the subsidy or overall volume changing, costs will increase.</p>
<b>2023/24 result</b>	<p>From 2014, 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.</p> <p>In 2023/24 and 2022/23 volume and mix went up relative to the cost.</p> <p>The rise in the cost index represents the inclusion of COVID-19 treatments and vaccines in the CPB. From 1 July 2023, the budget for COVID-19 vaccines and treatments was added to the Combined Pharmaceutical Budget (CPB).</p>

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



<sup>15</sup> Volume = consumption of medicines changing over time.

<sup>16</sup> Mix = the range of medicines, is there a shift from cheaper medicines to more expensive medicines.

<sup>17</sup> Expenditure = the total cost of pharmaceuticals changing over time.

<sup>18</sup> Price or subsidy = the subsidy paid for the medicines, reducing or increasing over time.



## Number of COVID-19 therapeutics purchased

### **2023/24 target**

Number of COVID-19 therapeutics reported.

### **Method**

We provide a total of pharmaceuticals purchased during the year.

### **2023/24 result**

Achieved. The number of COVID-19 therapeutics purchased by Pharmac and available for treatment of COVID-19 in 2023/24 was 104,000.

The number of COVID-19 therapeutics purchased by Pharmac and available for treatment of COVID-19 in 2022/23 was 145,664.

We widened access to COVID-19 antiviral treatments in September 2023 to provide greater access for disabled people and people with individual severe health conditions. Five treatments specifically for COVID-19 were available in New Zealand during 2023/24. We have continued to review and rationalise New Zealand's portfolio of COVID-19 treatments as more information about the virus and the efficacy of treatments becomes available.

Due to the changing nature of COVID-19, some of the treatments that have been developed to treat the virus over the past few years may no longer be as effective as when they were first available. When we first secured treatments we knew that the virus would evolve and treatments could become less effective.

## Number of COVID-19 vaccines purchased by Pharmac

### **2023/24 target**

Number of COVID-19 vaccines purchased by PHARMAC and received by Health New Zealand in central storage facilities.

### **Method**

We provide a total of vaccines purchased during the year.

### **2023/24 result**

Between 1 July 2023 and 30 June 2024 Pharmac purchased 965,760 doses of COVID-19 vaccine.

### **2022/23 result**

Between 1 July 2022 and 30 June 2023 Pharmac purchased 2,839,560 doses of COVID-19 vaccine.

## Strategic priority two: Enhanced assessment and decision making

We want to continually improve how we assess and make funding decisions.

We continue to increase the transparency of our decisions and make our funding assessment and decision-making processes faster, clearer and simpler. We work to ensure stakeholders have confidence that we have genuinely listened to them and taken feedback on-board.

### What we want to achieve

We want to ensure we have high quality assessment and decision-making processes for medicines, vaccines, and related products. We must bring diverse perspectives into our decision-making, strengthening our understanding of the needs and aspirations of Māori, Pacific peoples, consumers, and those with lived experiences in a wide range of health and disability areas. Our assessments and funding decisions must be evidence-based, inclusive, and timely to achieve the best possible health outcomes.

Through this priority we seek to:

- enhance how we assess and make funding decisions so our processes are more timely and transparent, better coordinated with sector partners, and more strongly focused on health equity and other Pae Ora health sector principles
- bring the voice of the New Zealand public more strongly into our consideration of funding proposals
- focus more on ensuring people benefit from our funding decisions by improving how decisions are implemented, monitoring the impact of decisions once they have been implemented, and finding and removing barriers to the optimal use of these new treatments.

### *Consumer involvement*

We are working to be more responsive and engaged with consumers as part of assessment and decision making, including:

- reviewing our current consumer engagement practice, including the role of consumers on expert advisory committees
- engaging consumers on our committees. Consumer members have attended 11 advisory committee meetings in 2023/24: PTAC (4), Tender Clinical (2), Anti-infectives (1), Immunisation (1), Neurological (1), Rare Disorders (1), and Special Foods (1)
- publishing assessment documentation to improve transparency and increase public access to the Pharmac assessment process
- reviewing the methods used by other health technology assessment bodies internationally to engage consumers and using this and local input to define New Zealand best practice
- undertaking staff training to improve engagement capability
- ensuring we have multiple ways consumers can engage in our work and contribute their lived experience. Presenting to an advisory committee is just one tool that enables this. Over the last year we have continued to explore ways to include the patient lived experience in our advice process. For example:

1. Pharmac's Neurological Advisory Committee met in September 2023 to discuss seven new medications. The Migraine Foundation attended and presented a collection of lived-experience consumer stories about people's experiences of living with migraine in New Zealand.
2. At the Rare Disorders Advisory Committee meeting in May 2024, a presentation from a member of the New Zealand Pompe network provided lived-experience consumer stories about people's experiences of living with late-onset Pompe disease in New Zealand.
3. PTAC meeting in August 2023 was attended by Motor Neurone Disease New Zealand.

### ***Improving the efficiency of our assessment processes***

We have introduced a process for more rapid assessment of funding proposals. This enables us to progress funding applications faster to be ranked on our Options for Investment list.

### ***Extension of parallel assessment process***

In 2023/24 we changed our funding application settings so we can now assess a funding application at the same time as Medsafe is assessing the application for regulatory approval. Previously, this only applied to cancer medicines, and medicines for rare disorders (which can be submitted for funding prior to submitting to Medsafe) – for all other medicines, Pharmac waited until Medsafe completed its assessment before it starts a funding assessment. Doing both at the same time will mean medicines are assessed for funding sooner.

### ***Funding applications backlog***

Pharmac has a backlog of proposals for medicines to be listed on the pharmaceutical schedule which are awaiting assessment and ranking. Our goal is to complete the assessment within 12 months from receipt.

We have removed over 500 inactive medicine applications from our lists in the past five years, so that it is clearer what medicines are still being actively considered for funding. Closing these applications is an important part of ensuring our work is transparent and easy to understand.

Some of the medicines we have received applications for have been overtaken by other medicines we have since decided to fund for the same health condition. In other instances, we have received clinical advice that recommends against funding this medicine, or we have found that no company is able to supply the medicine within New Zealand.

Of the 566 applications assessed, 504 were closed and 62 remain active as a result of the consultation feedback received.

### ***The annual tender***

The annual Invitation to Tender was issued in October 2023 and closed in December 2023. Pharmac invites tenders for the supply of certain pharmaceuticals to Health New Zealand hospitals and/or to community pharmacies in New Zealand. The annual tender helps Pharmac keep up with increasing demand for medicines we fund, and for new and innovative medicines. When a medicine is no longer under patent, other suppliers can sell a generic version of that medicine. This allows for competition and can lead to significant price reductions. This competition can take place in Pharmac's annual Invitation to Tender.

What we planned to deliver in 2023/24	Our achievements
Bring more diverse voices into all stages of our assessment and decision making.	Māori clinical advice and recruitment to PTAC and Specialist Advisory Committees was a focus for 2023/24.
Continue to make consumer appointments to our expert advisory network.	We worked with 4 external Māori health professional bodies laying the foundation for recruitment.
Continue to make our assessment and decision-making processes timelier and more efficient.	<p>We are working to right-size our advice and assessment process and eliminate the backlog of proposals awaiting advice, assessment, and ranking.</p> <p>We have made significant headway for proposals requiring clinical advice with the number of proposals requiring clinical advice now close to our annual intake of applications.</p>
Continue to make our assessment and decision-making process more transparent.	We made it easier for patients by improving our publications, newsletters, and website content.
Develop a plan for the review of Pharmac's decision-making framework (Factors for Consideration).	This work is deferred to 2024/25, due to resourcing and future planning. We are considering Government priorities and ways of including those in the framework.
Increased focus on collaborating and working in partnership with the health sector to support implementation of our decisions.	<p>We work with the health sector to support planning and implementation of funding decisions.</p> <p>We have contributed to sector strategies, and clinical networks. We continue to work to expand the expert advisory networks.</p>
Develop our approach, with health sector partners, on assessing whether our decisions achieve the outcomes expected.	The medicines outcome framework is led by the Ministry of Health. The current phase is very high level with a small number of system level measures. Pharmac continues to be involved with the project.

## Performance measures

### Access to medicines for priority populations

2023/24 target	Undertake and report findings of two assessments of access to medicines (based on Special Authority equity access criteria).
Method	Sourced from an internal evaluation.
2023/24 result	Partially achieved. One assessment was completed in 2023/24 – with findings provided to our funding teams for review.

### Time to funding decision

Measure	Time from funding application received date to first decision date.	
2023/24 target	Less than 27.9 months.	
	This target was derived from the average to time to decision (for proposals received within 5 years) reported in 2021/2022. In 2022/23 we changed our reporting methodology, the equivalent target using the new methodology is 31.9 months.	
Method	<p>This measure reports on the time from a funding application being received to a decision on whether to fund is made. A single application is converted to one or more proposal(s), because a proposal may be related to more than one application, and vice versa.</p> <p>The time to decision is calculated for each individual proposal. Proposals decided on during the current reporting financial year are included and reported in months to decision.</p> <p>This measure reflects the time required for applications and their corresponding proposals to go through the complete assessment and decision-making process. This includes consideration by our expert clinical advisors, economic analysis, assessment against our decision-making framework (the Factors for Consideration), commercial / procurement processes, public consultation, and final decision.</p> <p>We are reporting all proposals and those received in the last 5 years to ensure we have comparative data, and the changes to methodology are transparent.</p>	
Result	Not achieved	
	<p><b>Average (all)</b></p> <p>(per proposal, all decisions, all received)</p>	<p><b>Average (5 years)</b></p> <p>(per proposal, all decisions, received within 5 years only)</p>

2021/22	86.7 months	31.9 months
2022/23	73.2 months	27.7 months
2023/24	88.8 months	38.7 months

In 2023/24, decisions (to approve or decline funding) were made for 20 proposals received in the last 5 financial years, taking an average of 38.7 months.

In 2023/24, decisions (to approve or decline funding) were made for a total of 56 proposals, including those received prior to 2018/19 (>5 years), taking an average of 88.8 months.

It is important to note that the timeframe for making a funding decision is impacted by multiple factors, including the relative ranking of a proposal and the amount of funding available.

We are also actively working on making decisions to decline inactive funding proposals, ie proposals that Pharmac is not intending to progress for funding. As we work through these proposals, many of which are comparatively older, we can expect our overall average time to decision to increase. Because of this, the average of our most recent applications (<5 years) better reflects our current time to decision.

## Time to rank applications<sup>19</sup>

<b>Measure</b>	The time from funding application received date to first ranking date.
<b>2023/24 target</b>	Less than 15.2 months.
<b>Method</b>	<p>This measure reports on the time from a funding application being received to being prioritised on a priority list for funding (i.e., ranking). A single application is converted to one or more proposal(s), where the time to rank is calculated for each individual proposal. Proposals ranked during the current reporting financial year are included and reported in months to rank.</p> <p>This measure reflects the time required for applications and their corresponding proposals to be considered by our expert clinical advisors, additional information to be sourced from applicants, economic analysis, and assessment of the application against our decision-making framework (the Factors for Consideration).</p> <p>We reviewed our methodology in 2022/23, refining our application inclusion criteria and ensuring alignment across our time to</p>

<sup>19</sup> We previously referred to this as measure as timeliness of funding assessment.

measures by reporting at a proposal level, and to ensure statistical rigour.

<b>2023/24 result</b>	<b>Average (all)</b> (per proposal, all received)	<b>Average (5 years)</b> (per proposal, received prior 5 years only)
2021/22	33.8 months	28.6 months
2022/23	39.3 months <sup>20</sup>	21.5 months
2023/24	54 months	23.7 months

In 2023/24 116 in-scope proposals were ranked taking an average of 23.7 months.

In 2022/23, 41 in-scope proposals were ranked taking an average of 38.4 months (median 23.3 months).

An application can be ranked several years after being received for various reasons, including the need to wait for availability of a registered product or more clinical evidence. We are actively working on processing applications and their corresponding proposal(s) more efficiently to better reflect our true time to rank.

As we work through the unranked proposals, we can expect our overall average to increase, with the average of our most recent applications (<5 years) better reflecting our time to rank.

---

<sup>20</sup> The 2022/23 annual report indicated that the time to rank was 38.4 months; this was an error resulting from the misreporting of one funding proposal which has been amended.

## Timeliness of exceptional circumstances decisions

### 2023/24 target

Timeliness of exceptional circumstances decisions is equal to or greater than 45 percent of decisions made within 10 working days.

### 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.

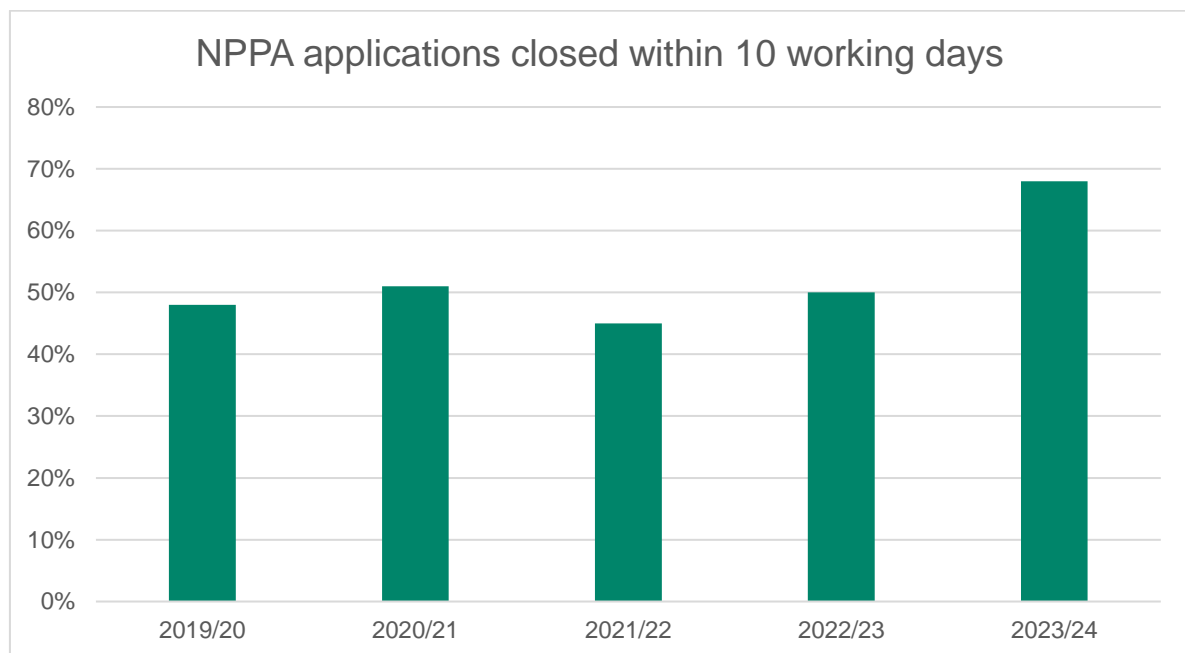
### 2023/24 result

Achieved. Of the 1300 initial NPPA applications we processed in 2023/24 68 percent of decisions were made within 10 working days.

2022/23 = 50 percent

2021/22 = 45 percent.

## Percentage of decisions for initial NPPA applications made within 10 working days





## Timeliness of publishing PTAC and advisory committee records

Average time to publish the record

**2023/24 target**

PTAC records will be published in 52 working days or less. Advisory panel meeting records will be published in 60 working days or less.

**Method**

Meeting dates and publication of records are recorded.

**2023/24 result**

PTAC

Not achieved. The average length of time taken to publish the records of PTAC meetings was 63 days.

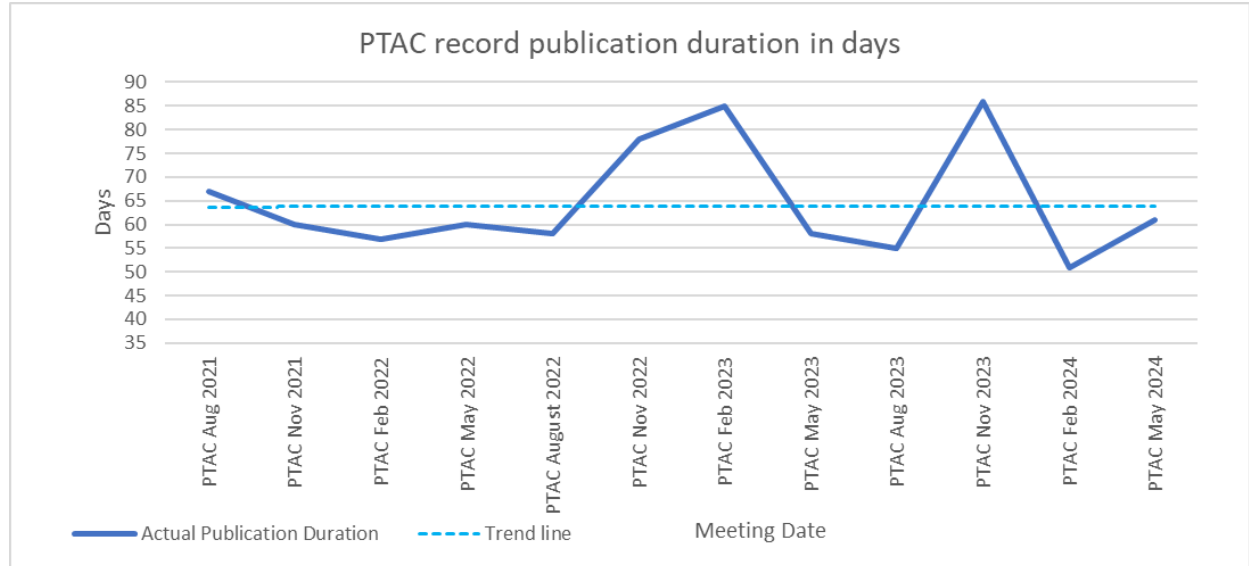
2022/23 = 70 days (14 weeks). 2021/22 = 62 days.

Specialist advisory committees

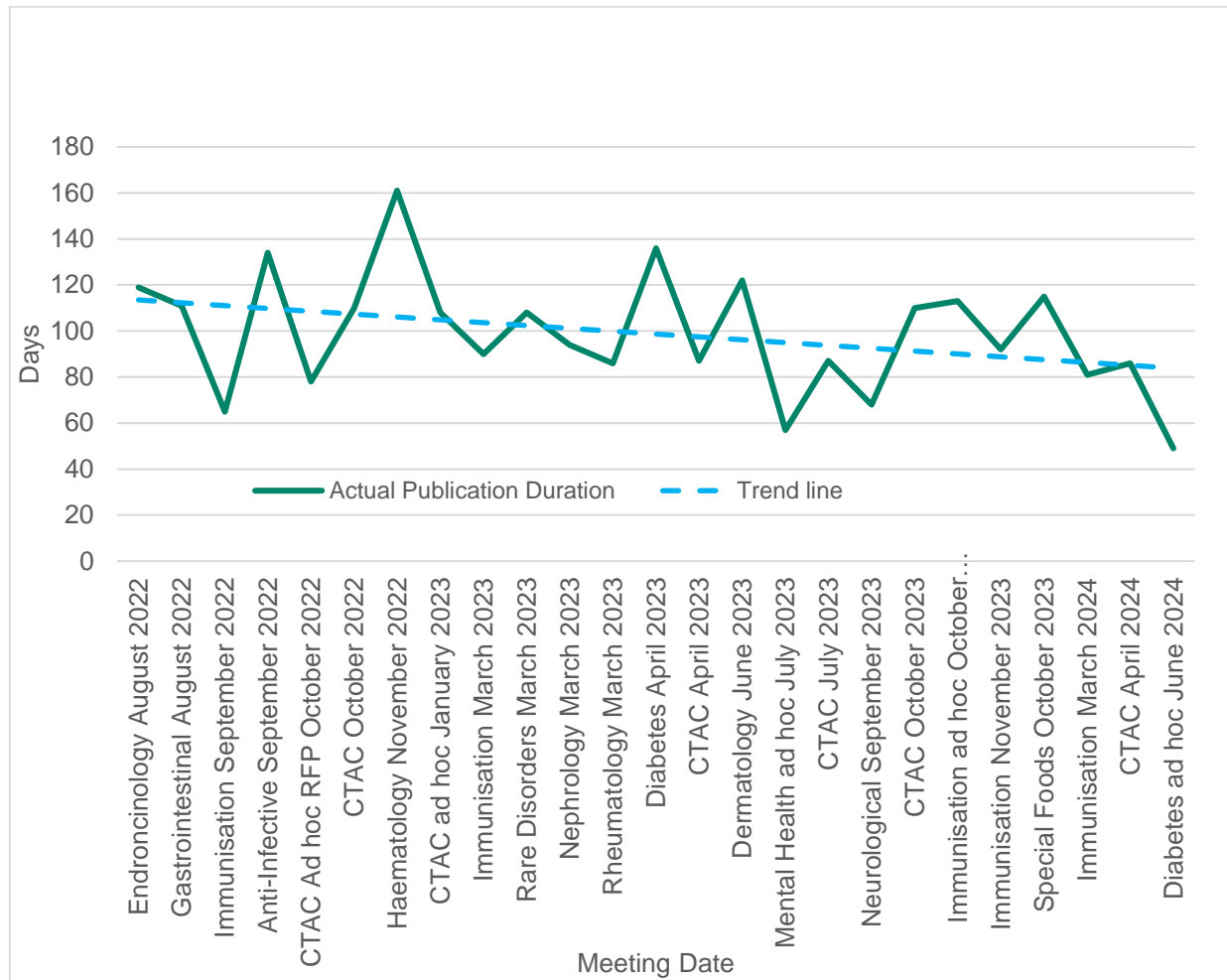
Not achieved. The average length of time taken to publish the records of advisory committee meetings was 90 days.

2022/23 = 108 days (22 weeks). 2021/22 = 60 days (12 weeks).

### PTAC record publication duration in days



Specialist advisory committee records publication durations in days



## Strategic priority three: Strategic management of medical devices

Pharmac’s work in hospital medical devices is based on our successful track record in managing medicines and controlling pharmaceutical cost growth, along with a desire for more consistent and transparent decision making about medical device expenditure with a clear goal of improving health outcomes.

The Government response to the Pharmac Review in June 2022 reaffirmed Pharmac’s role in the management of medical devices given its strong fit with Pharmac’s capability, noting the need for Pharmac and Health New Zealand to work collaboratively together.

### What we want to achieve

Working with our sector partners, there are significant opportunities to maximise health benefits to New Zealanders through an integrated approach to hospital medical devices to provide more value and consistent and equitable access.

Given the significant change involved with transitioning to a centralised model, we are taking a staged approach. Through this priority we seek to:

- improve value for money and health benefits from hospital medical devices
- increase national consistency and equity of access to hospital medical devices
- increase transparency of funding decisions about medical devices purchased by Health New Zealand hospitals
- grow medical device expenditure managed to an agreed pathway.

What we planned to deliver in 2023/24	Our achievements
Determine and agree programme delivery pathway including implementation of the next level of management by 2024 (resource dependent) and step to budget management.	Significant progress with compiling a list of hospital medical devices on national contract (68%) and scaling up proactive competitive procurement activity to drive additional value for the sector.
Scope health technology assessment for new device technologies with view to influencing Health New Zealand investment decisions, and at next level of management inform our decisions.	Processes for Health Technology Assessments for Medical Devices is now in place. This includes collaborating with Health New Zealand with a view to achieving an integrated investment pipeline in the future.
Integrate Te Whaioranga Māori Responsiveness Strategy and Pacific Responsiveness Strategy into medical devices work.	Team upskilling and working to include perspectives of populations of greatest health need in planning.
Bring the voices of consumers, people with disabilities, and other wider perspectives (as per our wider strategic	Consumers are involved in our service design and planning work to ensure the medical devices programme meets the needs of New Zealanders using hospitals.

work programme) into medical devices work.	Regular input and advice sought from Pharmac's Consumer Advisory Committee.
Explore how best to connect and integrate work focused on health equity and responsible and optimal use, particularly for products supplied by hospitals for use in the community.	Work not commenced on this item.
Partner with Health New Zealand to accelerate completion of a comprehensive Health Sector Catalogue (HSC) (detailing all products currently in use in hospitals).	Working with Health New Zealand to encourage remaining suppliers to complete work. Including HSC provisions in agreements. Membership of HSC Steering Committee
Formalise partnerships through memorandum of understanding that sets out respective entities' roles regarding medical device investment and clarity for sector approach to complex capital equipment.	Relationship Agreement with Health New Zealand signed with further work to be done during 24/25 on roles and responsibilities between agencies in relation to Medical Devices. by both parties.

## Performance measures

Increase in the number of hospital medical devices on the schedule/list for public hospitals to access/purchase

### 2023/24 target

Greater than 60 percent.

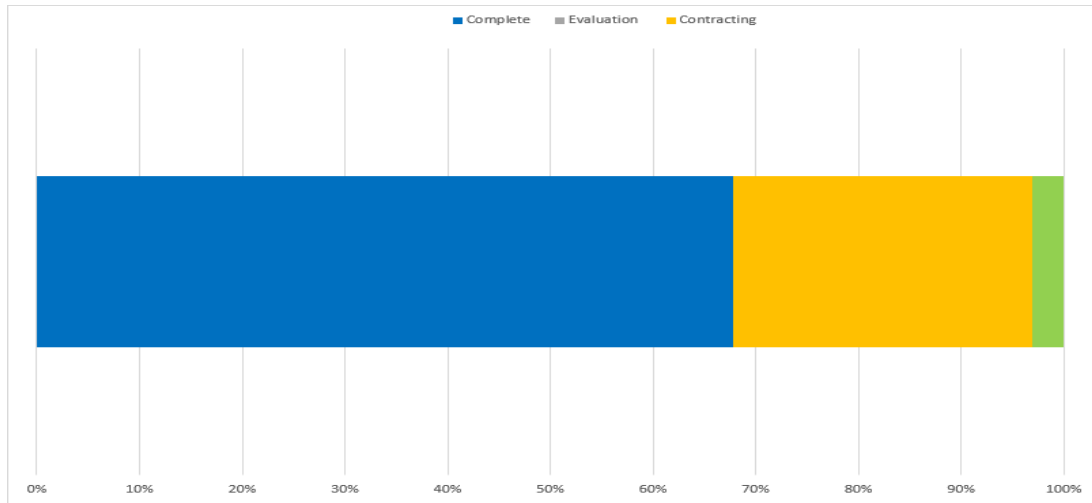
### Method

We measure the increase in the proportion of medical devices 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 to how many groups of devices we think we still have left to contract.

### 2023/24 result

Achieved. We estimate 68 percent of devices spend is now under national contract.

2022/23 result = 63 percent.



Develop a methodology to show value to New Zealanders/health system from hospital medical devices by 30 June 2024

**2023/24 target**

Methodology and baseline developed by 30 June 2024.

**Method**

We are reporting on an in-house process to better describe and measure the benefits of Pharmac’s work with Hospital Medical Devices.

**2023/24 result**

Benefit mapping now completed. Value proposition of medical devices work will be further honed during Q1 and Q2 of 24/25.

## Organisational excellence

Our strategic priorities are supported by a set of organisation-wide strategies and initiatives that help guide improvement and implementation.

We will take an organisational excellence approach to consider how we organise ourselves to deliver our work. This includes designing our work to demonstrate improved progress towards equity in access, quality of care and outcomes, and a focus on groups who have been most poorly served by the system.

What we planned to deliver in 2023/24	Our achievements
<p><i>Te Whaioranga: Māori Responsiveness Strategy</i></p> <ul style="list-style-type: none"> <li>Implement our te Tiriti o Waitangi policy and build te Tiriti into and across our organisational policies and work programmes</li> </ul>	<p>Policy is completed and work programmes are being aligned to the policy.</p>
<ul style="list-style-type: none"> <li>Ensure the Board are meeting their te Tiriti accountabilities through a thorough and focused programme of work</li> </ul>	<p>Board accountabilities assigned. Plan to revisit Board accountabilities as part of delivery of Kaituruki Māori individual Te Tiriti accountabilities.</p>
<ul style="list-style-type: none"> <li>Ensure the senior leadership team are meeting and committing to their organisational and individual directorate te Tiriti accountabilities</li> </ul>	<p>SLT collective accountabilities agreed. All SLT individual accountabilities in place. SLT capability plan in development.</p>
<ul style="list-style-type: none"> <li>Complete a full review of systemic bias/institutional racism as they relate to Māori across our work</li> </ul>	<p>The Marsden research study “Reimagining anti racism theory for the health sector” led by Drs Heather Came-Friar and Zoe Tipa came to an end in June 2024. We will develop a three-year plan based on the recommendations of their report.</p>
<p>Commence a full review and renewal of Te Whaioranga with Māori, noting the desirability of bringing this forward to ensure a strategy fit for purpose under the Pae Ora Act and the expiry of the current strategy in 2023.</p>	<p>Plan to do comprehensive refresh of strategy in 2025 to align with refresh of Pae Tū: Hauora Māori Strategy.</p>
<p><i>Health Equity</i></p> <p>Finalising our health equity policy will be our key focus in 2023/24</p>	<p>Our equity policy was approved by the Board and published in July 2024. An implementation plan has been developed with various workstreams underway across Pharmac.</p>
<p><i>Pacific Responsiveness Strategy</i></p> <p>Work alongside Manatū Hauora and the Ministry for Pacific Peoples, helping to support Pacific people in New Zealand to</p>	<p>Pacific responsiveness strategy is being reconsidered. This will be progressed in 2024/25.</p>

What we planned to deliver in 2023/24	Our achievements
live healthier lives through improved and timely access to, and use of, medicines and medical devices.	
<p><i>Strengthening our engagement and collaboration</i></p> <ul style="list-style-type: none"> <li>• Develop principles that guide our engagement and hold us accountable to good engagement practice.</li> <li>• Develop an engagement framework that provides a clear high-level understanding of Pharmac’s engagement approach that supports our strategic direction and Pae Ora.</li> </ul>	<p>Our Engagement Strategy 2024-2026 was published in December 2023.</p> <p>The strategy outlines our approach for engaging with external partners and stakeholders and the actions required to strengthen the way we do it.<sup>21</sup></p> <p>The Strategy is supported by an implementation plan outlining the engagement activity that is underway or planned to be completed within the next 18 months</p>
<p><i>Strengthening our policies and operating procedures</i></p> <p>We will continue to strengthen our internal policies and operating procedures to ensure we embed Pae Ora and can demonstrate, where possible, practical improved progress towards health equity and health outcomes.</p>	<p>Our focus is on continuous improvement across Pharmac.</p>
<p><i>Building our People Strategy/capability</i></p> <p>In 2023/24 we will continue to advance our People and Capability Strategy, strengthening our leadership, engagement, and cultural capabilities.</p>	<p>Our leadership capabilities have been strengthened with the introduction of new leadership programmes and resources, including monthly people leader sessions providing an opportunity for people leaders to connect and receive advice and support. Our annual engagement survey showed a 13% improvement in our engagement rating. A refresh of our induction programme has seen a greater emphasis on our role as public servants and is now aligned with the wider public service expectations.</p> <p>We also commenced work on increasing our capability across the health sector priority groups.</p>
<p><i>Developing our ICT and data and insights capability</i></p> <p>In 2023/24, working closely with Te Whatu Ora, we will seek to invest in systems to support the management of medical devices. We will also focus on improving the ability to look up and enquire on medicines and medical devices for New Zealanders – making it simpler and</p>	<p>Good progress has been made toward improving the ability to look up and enquire on medicines with close engagement with Health New Zealand programmes for the delivery of PCT data via the new HSAAP and Snowflake systems. Pharmac has been altering our current systems to make this possible. However this work has been put on hold while Health New Zealand is replanning and refocusing.</p>

<sup>21</sup> Available here: <https://pharmac.govt.nz/about/our-strategic-direction/engagement-strategy/context>

What we planned to deliver in 2023/24	Our achievements
<p>clearer to find the information they are looking for.</p> <p>We will continue to improve the systems and processes that consumers, clinicians, or suppliers use to make funding applications, as well as continuing to improve how we make transparent progress of applications.</p> <p>We will continue to improve the range of data we have, with a strong focus on integrating with other parts of the health and disability system. We will ensure that data is well governed and managed – and that our products are timely, high quality, and accurate.</p>	<p>There is a proposal with Pharmac’s Board for the establishment of formal data governance and a new approach to managing data.</p>



## Performance measures

### Increased public trust in Pharmac

Pharmac's reputation index score is improved.

#### 2023/24 target

An index score of 85 – 95.<sup>22</sup>

(This target was set using Kantar (now Verian Group), the provider's previous means of scoring which is now changed. Our targets are set in 2022 using the latest available data at that time.

We estimate the equivalent index score using Verian Group latest methodology is between 59 and 62. We aim to improve our score each year.

#### Method

We use the results from the annual Public Sector Reputation Index to measure public trust in Pharmac.

The Public Sector Reputation Survey is conducted annually. The 2024 survey covered 58 public sector agencies. The providers conducted 3,500 interviews in March 2024.

Reputation is measured across 16 attributes under four pillars: trust, social responsibility, leadership, and fairness. This is combined into a single reputation score, and an index created with the average being 100. The scores are presented as an index (the average set as 100 and the individual agencies scores shown as a deviation from the average).<sup>23</sup>

#### 2023/24 result

Achieved.

Pharmac scored 59 for trust in 2023/24. The score is within the target range (equivalent to 85 – 95) and, while matching the 2023 score, continues an overall upward trend since 2022.

Verian Group provided equivalent scores from previous years to enable comparative information (below).

Verian Group provided equivalent scores from previous years to enable comparative information (below).

Current index scoring method	Previous scoring method
2022 = 56	2022 = 88
2023 = 59	2023 = 93
2024 = 59	

There are many reasons why a public reputation index score may fluctuate. Pharmac has a relatively high profile and deals with many highly sensitive decisions and notifications to the public.

<sup>22</sup> An index tracks the performance of a group of preselected factors.

<sup>23</sup> Further information about the annual survey is available at: <https://www.veriangroup.com/>

## Māori trust and confidence in Pharmac

Public Sector Reputation Index results for Māori sample

<b>2023/24 target</b>	Methodology and baseline developed by 30 June 2024.
<b>Method</b>	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.
<b>2023/24 result</b>	Not achieved. Advocates: 2021/22 = 22%, 2022/23 = 21%, 2023/24 = 11% Critics: 2021/22 = 29%, 2022/23 = 31%, 2023/24 = 31%

## Consumer engagement

### 2023/24 target

Measure and baseline to be agreed and established in 2023/24 in line with the code of expectations for health entities' engagement with consumers and whānau.

The code of expectations for health entities' engagement with consumers and whānau (the code) sets the expectations for how health entities must work with consumers, whānau and communities in the planning, design, delivery and evaluation of health services.

This code is required by the Pae Ora (Healthy Futures) Act 2022 and is underpinned by the health sector principles. All health entities must act in accordance with the code and are required to report annually on how the code has been applied.

### Method

The Consumer engagement quality and safety marker framework measures what successful consumer, whānau and community engagement looks like and how it improves the quality and safety of services.<sup>24</sup> The framework sets out three key areas:

- Engagement | Te Tūhononga
- Responsiveness | Te Noho Urupare
- Experience | Waeako

Health entities' will self assess against these with the following ratings available:

- Minimal | Te itinga iho
- Consultation | Te akoako
- Involvement | Te whaiwāhi
- Partnership and shared leadership | Te mahi tahi me te kaiārahitanga ngātahi

### 2023/24 result

Achieved.

Self-reported scores Apr 23 – Sep 23	Self-reported scores Oct 23 – Mar 24	Self-reported scores Apr 24 – Sep 24
Engagement: 2	Engagement: 2	Engagement: 3
Responsiveness: 2	Responsiveness: 2	Responsiveness: 2
Experience: 2	Experience: 2	Experience: 2

<sup>24</sup> Available at: <https://www.hqsc.govt.nz/consumer-hub/engaging-consumers-and-whanau/code-of-expectations-for-health-entities-engagement-with-consumers-and-whanau/>

## Assessment of bias and racism

Independent review of racism and bias completed by June 2024

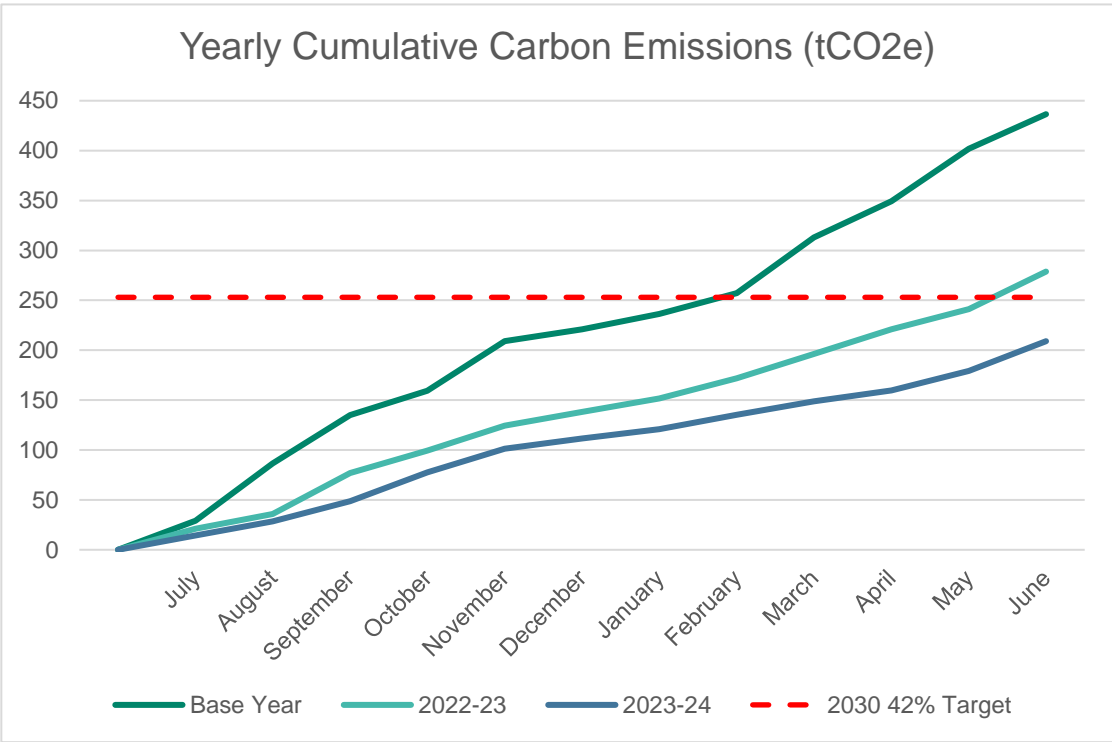
<b>2023/24 target</b>	Independent review of racism and bias completed by June 2024 <sup>25</sup>
<b>Method</b>	We commissioned research into racism and bias in our processes.
<b>2023/24 result</b>	Achieved.  The Marsden research study “Reimagining anti racism theory for the health sector” led by Drs Heather Came-Friar and Zoe Tipa came to an end in June 2024.  We will develop a three year plan based on the recommendations in their report.

## Proportion of Māori and other under-represented groups in Pharmac's workforce and advisory groups, compared with the proportion of the total population

<b>2023/24 target</b>	Increase the proportion of Māori and other under-represented groups
<b>Method</b>	Individuals are surveyed as they join the Board, committees, and staff.
<b>2023/24 result</b>	Pharmac Board = 33% Māori (no change) PTAC and Specialist Advisory Committees = 3% Māori (no change) Consumer Advisory Committee = 33% Māori (no change) Responsible Use Advisory Group = 37% Māori (12.5%) Pharmac workforce = 9% Māori (2022/23 = 6%)

## Reduce Pharmac carbon emissions

<b>2023/24 target</b>	Target is to reduce by 21% by 2025 = 345 tCO <sub>2</sub> -e
<b>Method</b>	<p>Emission factors were sourced from the Ministry for the Environment guides.</p> <p>Base year (2018/19) and 1st reporting year (2022/23) used emission factors from August 2022 guide – Measuring emissions: A guide for organisations 2022 detailed guide. 2nd reporting year (2023/204) use emission factors from May 2024 guide – Te ine tukunga: He tohutohu pakihi   Measuring emissions: A guide for organisations 2024 detailed guide</p>
<b>2023/24 result</b>	<p>Our carbon emissions were 207.07 tCO<sub>2</sub>-e for 2023/24. This is a reduction of 26% from 2022/23 (279.90 tCO<sub>2</sub>-e), and a 53% reduction compared to our 2018/19 base year (436.59 tCO<sub>2</sub>-e).</p> <p>Our 2030 target is a 42% emission reduction, compared to our base year, which we have now achieved, six years early.</p> <p>The reduction has been achieved by measures including a reduction in travel by staff and advisory committee members.</p> <p>The emission factors are updated each year from the Ministry for the Environment, and some of these are lower year on year as systems become more efficient. For example, the emission factor for electricity was 0.120 per kWh in 2022, lowering to 0.0729 in 2024. Even though our electricity consumption was similar to the year previous, our emissions dropped by 7 tCO<sub>2</sub>-e due to the updated emission factor. Our carbon emissions results are independently audited.</p> <p>Quantifying GHG emissions is difficult because the scientific knowledge and methodologies to determine the emissions factors and processes to calculate or estimate quantities of GHG sources are still evolving, as are GHG reporting and assurance standards.</p> <p>The GHG emissions sources included align to the methodology in the ISO14064-1:2018(E) standard. As adapted from the standard these emissions were classified under the following categories:</p> <ul style="list-style-type: none"><li>• Direct GHG emissions (Scope 1): emissions from sources that are owned or controlled by the company (category 1 in ISO Standard (B.2))</li><li>• Indirect GHG emissions (Scope 2): emissions from the generation of purchased electricity, heat and steam consumed by the company (category 2 in ISO Standard (B.3))</li><li>• Indirect GHG emissions (Scope 3): emissions that occur because of the company's activities but from sources not owned or controlled by the company. These have been further categorised using the ISO14064 standard categories:<ul style="list-style-type: none"><li>○ Category 3 – Indirect GHG emissions from transportation (B.4)</li><li>○ Category 4 – Indirect GHG emissions from products used by organization (B.5).</li></ul></li></ul> <p>Emissions excluded are:</p> <p>Refrigerant leaks: No refrigerant top-ups reported by the landlord in 2023/24</p> <p>International staff: There are two staff working internationally for 20 hours a week. The emissions for the two staff working are less than 1% of the total emissions and can be excluded.</p>



## Service performance reporting standard

### About the standard for service performance reporting

The External Reporting Board (XRB) PBE FRS 48 Service Performance Reporting ('the standard') sets new requirements or increased expectations for:

- identifying and selecting appropriate and meaningful performance information
- disclosing judgements made in selecting, aggregating and presenting performance information
- providing comparative performance information
- ensuring consistency of reporting.

The standard establishes requirements for the reporting of service performance information so that it meets the needs of users from an accountability and decision-making perspective. The standard provides high-level principles to recognise that service performance reporting continues to evolve, and that flexibility enables entities to report performance in the most appropriate and meaningful way.

### Application of the standard

Pharmac's performance measures framework was developed in conjunction with the Statement of Intent 2023/24 to 2026/27. We are reporting on this revised performance measurement framework for the first time in this Annual Report 2023/24.

Targets for performance measures for 2023/24 were published in our SPE 2023/24. They were based on the results reported in the Annual Report 2021/22. These were the most recent results available when the SPE 2023/24 was being developed.

The standard has been applied in the development of this annual report.

Our performance reporting is included in this annual report from page 22 to page 52 and also includes the statement of comprehensive revenue and expense by output class on page 67.

**Selection of measures and disclosures**

Pharmac published a new Statement of Intent 2023/24 – 2026/27 in 2023. We reviewed the appropriateness of the performance measures as part of developing the SPE 2023/24. We wanted to ensure each measure accurately reflects the performance of Pharmac, was meaningful and was able to be measured.

In line with the standard, the following changes were made to Pharmac’s performance measures:

*Disclosures*

Deleted measures	<ul style="list-style-type: none"> <li>• Uptake of medicines following key investments and brand changes</li> <li>• Health Outcomes from our investments</li> <li>• Rates of adherence to funded medicines</li> <li>• CPB expenditure meets expectations</li> <li>• Anticipated value of our funding decisions</li> <li>• Savings over time</li> <li>• Improved rates of Māori accessing funded medicines and medical devices</li> <li>• Adherence rates - non-Māori/Māori</li> <li>• Persistence rates - non-Māori/Māori</li> </ul>	The measures were either highly technical, time-consuming, costly to report on, and/or were not directly related to activities undertaken by Pharmac. There was a time lag associated with most of the results, which meant they were not useful as annual performance measures.
Deleted measures	<ul style="list-style-type: none"> <li>• Employee Engagement</li> <li>• Health Safety and Wellbeing</li> <li>• Operating budgets are well managed</li> <li>• Key operating systems are available</li> <li>• Efficiency of decision-making</li> <li>• Perceptions of process efficiency</li> <li>• Usage of visual analytics tool</li> <li>• Efficiency in producing CPB forecast</li> <li>• Increase website traffic and engagement</li> </ul>	Internal and operationally focused measures that are not public facing and add minimal value to our annual reporting.
Replaced measures	Stakeholder survey measures	Replaced by new measures more closely aligned to the HQSC led code of expectations for health entities engagement with consumers and whānau.

## Our appropriations

### Vote Health non-departmental expenditure

To comply with our obligations under the Public Finance Act 1989, activities undertaken by Pharmac that are funded through Vote Health non-departmental expenditure are reported below.

#### National management of pharmaceuticals<sup>25</sup>

This appropriation is intended to provide for the operating costs of Pharmac to deliver health-related services that align with Government priorities for the strategic direction for health services (see the Ministry of Health’s Statement of Strategic Intentions) but are out of scope for other national services appropriations in Vote Health.

<b>Actual 2022/23 (\$000)</b>	<b>Appropriation Estimates 2023/24 (\$000)</b>	<b>Supplementary Estimates 2023/24 (\$000)</b>	<b>Actual 2023/24 (\$000)</b>
29,347	28,372	29,907	29,907

#### End of year reporting requirements<sup>26</sup>

<b>Performance measure</b>	<b>Result</b>
Timeliness of funding decisions is improved through a reduction in the average time to assess and rank new applications.	Time to funding available page 31 Time to rank available page 32
Timeliness of Pharmacology and Therapeutics Advisory Committee (PTAC) and sub-committee records is improved through a reduction in the average time to publish records	Available page 35
Proportion of key pharmaceutical decisions consulted on for new proposals	Achieved We consulted on 100% of key pharmaceutical decisions.

<sup>25</sup> Vote Health available at <https://www.treasury.govt.nz/publications/estimates/vote-health-health-sector-estimates-appropriations-2023-24>.

<sup>26</sup> Available at: <https://www.treasury.govt.nz/sites/default/files/2023-06/est23-v5-health.pdf> p38



## National pharmaceuticals purchasing

This appropriation is limited to purchasing pharmaceuticals on the national pharmaceutical schedule and subsidising the supply of pharmaceuticals not on the national pharmaceutical schedule. This appropriation is intended to secure for eligible people in need of pharmaceuticals, the best health outcomes that are reasonably achievable from pharmaceutical treatment from within the amount.

<b>Actual 2022/23 (\$000)</b>	<b>Appropriation Estimates 2023/24 (\$000)</b>	<b>Supplementary Estimates 2023/24 (\$000)</b>	<b>Actual 2023/24 (\$000)</b>
1,186,000	1,311,000	1,806,211	1,806,211

## End of year reporting requirements<sup>27</sup>

<b>Performance measure</b>	<b>Result</b>
Increase in the number of New Zealanders receiving funded medicines. (A) <sup>28</sup>	Available page 24
Increase in number of new medicines funded. (A) <sup>29</sup>	Available page 24
Access is widened to an increased number of medicines that are already funded. (A) <sup>30</sup>	Available page 24
Increase in the estimated number of people benefitting from new medicines funded	Available page 25

## Multi category appropriations

Pharmac contributes to the following multi-category appropriation.

### Implementing the COVID-19 vaccine strategy

The single overarching purpose of this appropriation is to implement the COVID-19 vaccine strategy to minimise the health impacts of COVID-19 and to fund COVID-19 treatments.

<sup>27</sup> Available at: <https://www.treasury.govt.nz/sites/default/files/2023-06/est23-v5-health.pdf> p39

<sup>28</sup> A = appropriation measure included in Vote Health Estimates 2023/24 and required to be reported in Pharmac's 2022/23 Annual Report.

<sup>29</sup> New medicines are added to the Pharmaceutical Schedule.

<sup>30</sup> Access is widened to medicines that are already funded.

The estimates of appropriations 2023/24 states that all performance reporting against this appropriation will be reported on in Te Whatu Ora – Health New Zealand's Annual Report with the exception of the following performance measures:

### End of year reporting requirements<sup>31</sup>

Performance measure	Result
Number of COVID-19 vaccines purchased by Pharmac and received by Health New Zealand in central storage facilities.(A)	Available page 27
Number of COVID-19 therapeutics purchased by Pharmac and available for treatment of COVID-19. (A)	Available page 27

<sup>31</sup> Available at: <https://www.treasury.govt.nz/sites/default/files/2023-06/est23-v5-health.pdf> p52

## People and capability

As we review our year, we also look to the future where we will focus on providing to all our employees what we as an organisation strive to provide to all New Zealanders - strengthened engagement, collaboration, increased transparency in decision making and increased trust and confidence.

We are committed to ensuring our employees experience a positive organisational culture. We work to secure equitable outcomes in recruitment, pay, development and promotion, especially for priority populations. We engage with and promote participation and shared decision making with all employees. We strive to increase our employees' trust and confidence by improving our internal systems, processes and decision making to be clear, transparent, free from bias and consistently applied throughout the organisation.

These things will contribute to us achieving a healthy, positive culture at Pharmac where we can all thrive.

During 2023/24, we wrapped up the final year of our current people and capability strategy. We now can celebrate what we have achieved and also look ahead to 2024 and the development of a new strategy. Developing a new strategy allows us to think about how we create a workplace where we all want to work and how we will build the workforce needed to deliver on our Organisational goals and Government expectations.

The 2020-2024 People and Capability strategy focused on five priorities:

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

Our employees are key to delivering our strategic priorities. We must have a strong, capable, and well-equipped workforce to continue to improve and enhance what we do and ensure we are well placed to meet any challenges now and in the future.

### Recruitment, development, and exit

We consider equity and diversity in all our recruitment decisions. We have achieved several goals outlined in our 2023-24 Kia Toipoto action plan that have furthered equity in our recruitment processes and decisions. This work will provide the foundation of a strong Diversity, Equity and Inclusion strategy and workstream to ensure we provide an environment that is inclusive to all.

At Pharmac we support our employees to flourish and reach their career aspirations. We are committed to championing workplace inclusion and acknowledge that to do their best work, we must foster an environment where people are comfortable to be themselves and work in a way that best suits their individual needs.

We provide opportunities to develop our employees, including taking on new roles, internally and externally, undertaking training and development, and supporting formal qualifications. We strengthen our leadership by enhancing our people leaders sessions to tūhono and grow capability.

As a Crown entity we are committed to meet the expectations, of the Government Workforce Policy Statement, to develop a public service workforce that is high performing and responsive to the needs of all New Zealanders.

We continually seek to understand why kaimahi leave our organisation. Our turnover rates have declined again this year and are comparable to the public service average (16%). 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.

## Conditions and remuneration

We are a whānau-centred organisation and understand the importance of maintaining a healthy work life balance. We offer several benefits including hybrid working, 5 weeks of annual leave, generous parental leave entitlements and a payment to support wellbeing.

Our flexible working arrangements ensure staff who work remotely are provided with appropriate technology and communication solutions to enable seamless working arrangements.

We strive to make equitable and fiscally sustainable recruitment and pay decisions, have a fair workplace for all, including disabled people and members of rainbow communities, and ensure our starting salaries and salaries for the same or similar roles are not influenced by bias.

We have committed to complete a bi-annual equity remuneration review to monitor starting salaries and salaries for the same or similar roles to ensure gender and ethnic pay gaps decrease. We aim to achieve fairness and equity by reviewing and eliminating inappropriate pay disparities.

## Harassment, discrimination, and bullying prevention

We do not tolerate bullying, discrimination, or harassment. We abide by a code of conduct that clearly sets out common standards and expected behaviour of all our Pharmac employees. Behaviour expectations are also clearly communicated through our Anti-Bullying, Harassment and Discrimination Policy. Our Complaints and Resolution Process, helps guide employees on how to best resolve conflicts.

This year as an organisation, we participated in a series of sessions focused on “living our values.” The sessions used storytelling to foster a more empathetic and outward-looking culture. They helped us gain a better understanding of what our work means to others, how we have helped people through our work, and to connect our values to what we do every day.

## Safe and healthy environment

Our aim is to maintain a safe and healthy workplace, free from injury.

Our health and safety systems ensure that hazards are identified, and risks are controlled and managed accordingly.

As our workforce and workplace environment evolves, we actively manage health and safety risks and create an organisational culture that support healthy work. Therefore, we have

taken a multi-faceted approach including international standards, a broader cultural perspective on health, and our organisation values.

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.

### Demographics:

Staff gender ratio, as of 30 June 2024

Gender	Part time	Full time	Total
Male	4	50	54
Female	8	100	108
Non-specified		11	11
<b>Totals</b>	<b>12</b>	<b>161</b>	<b>173</b>

Staff numbers by employment status, on 30 June 2024

Employment Status	Part time	Full time	Total
Permanent employees	12	140	152
Fixed-term employees		21	21
<b>Totals</b>	<b>12</b>	<b>161</b>	<b>173</b>

Staff numbers by ethnicity, on 30 June 2024

Ethnicity	Percentage
European	87%
Māori	9%
Pacific peoples	1%
Asian	12%
Middle Eastern/Latin American/African (MELAA)	4%
Other	6%
<b>Total</b>	<b>118 percent<sup>32</sup></b>

<sup>32</sup> Some staff have declared more than one ethnicity.

## Staff numbers by age, on 30 June 2024

Age (years)	Percentage
19-28	16%
29-38	29%
39-48	17%
49-58	18%
59-70	12%
Not disclosed	8%
<b>Total</b>	<b>100 percent</b>

### Staffing summary

At 30 June 2024, Pharmac had 173 employees (152 permanent and 21 fixed term). The total FTE was 168.7, including two employees on parental leave and two on long term leave. Seventeen positions were vacant. We experienced a large amount of growth in 2023-24 to further our work in Medical Devices. We do not anticipate overall staff numbers to grow at this same rate for 2024/25.

Permanent staff turnover for the 2023/24 year was 16 percent, which is lower than last year. The main factor that led to staff turnover in 2023/24 was taking up new career opportunities.

We have a relatively high number of part-time staff – 7 percent at 30 June 2024. This helps us retain valuable skills and competencies and provide for work-life balance.

### Organisational development focus for 2023/24

What we focussed on in 2023/24	Our achievements
Increase kaimahi engagement	Promoted our he <i>kahui whetu</i> program to recognise and reward individuals and teams.  Ran a full engagement survey across all levels of the organisation. Analysed and provided detailed reports of the engagement survey results with recommended actions to all directorates and teams.
Enhance organisation capability	We refreshed our induction programme, including incorporating the new public sector induction programme; Te Waharoa o te Rāngai Tūmatanui   The Gateway to the Public Sector.

Support leadership development

We supported conversations with people leaders to identify key areas for development to strengthen their leadership capability. We have expanded the resources available to better provide appropriate training and development solutions.

We partnered with the Leadership Development Centre (LDC) to provide leadership programmes to new people leaders.

Secure the workforce needed now and, in the future

We are continuing to develop the interview-style videos to use on our external Careers Page. The videos provide job seekers with an understanding of the role of Pharmac, the employee experience at Pharmac, and what career opportunities are available.

Foster diversity, equity and inclusion

We have updated our Diversity, Equity and Inclusion Policy.

We supported the establishment of an employee-led rainbow network and a neuro-diversity network.

We have finalised the updates to our 2024 Kia Toipoto pay equity action plan. This work will be built into our managing risk and Inclusion workstream.

We have partnered with TupuToa to provide professional opportunities for Māori and Pacific taura (students) at Pharmac.

*Te pūrongo motuhake o te  
kaiarotake*

# Independent auditor's report

## **To the readers of Pharmaceutical Management Agency's financial statements and performance information for the year ended 30 June 2024**

The Auditor-General is the auditor of the Pharmaceutical Management Agency (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 appropriations, of Pharmac on his behalf.

### **Opinion**

We have audited:

- the financial statements of Pharmac on pages 63 to 65 and 67 to 87 that comprise the statement of financial position as at 30 June 2024, 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 which reports against Pharmac's statement of performance expectations and appropriations for the year ended 30 June 2024 on pages 21 to 52 and 67.

In our opinion:

- the financial statements of Pharmac:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2024; 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



- Pharmac’s performance information for the year ended 30 June 2024:
  - presents fairly, in all material respects, 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;
  - presents fairly, in all material respects, for the appropriations:
    - what has been achieved with the appropriations; and
    - the actual expenses or capital expenditure incurred as compared with the expenses or capital expenditure appropriated or forecast to be incurred; and
  - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 31 October 2024. 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.

## **Emphasis of matter – Inherent uncertainties in the measurement of greenhouse gas emissions**

Pharmac has chosen to include a measure of its greenhouse gas (GHG) emissions in its performance information. Without modifying our opinion and considering the public interest in climate change related information, we draw attention to the disclosures on page 47 of the annual report, which outlines the inherent uncertainty in the reported GHG emissions. Quantifying GHG emissions is subject to inherent uncertainty because the scientific knowledge and methodologies to determine the emissions factors and processes to calculate or estimate quantities of GHG sources are still evolving, as are GHG reporting and assurance standards.

## **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 2023/24.

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 performance information which reports against Pharmac's statement of performance expectations and appropriations.
- 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 Pharmac 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 4 to 19, 20, 53 to 57 and 88 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 (including International Independence Standards) (New Zealand) (PES 1) issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, 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 2024

	Note	Actual 2024 \$000	SPE Budget 2024 \$000	Actual 2023 \$000
<b>Non exchange revenue</b>				
Funding from the Crown - Pharmac Operating		29,907	29,507	29,347
Health New Zealand - Operating funding		1,006	-	-
Funding from the Crown - National Pharmaceuticals Purchasing	2	1,806,211	1,311,000	1,581,250
<b>Exchange revenue; other</b>				
Interest received - Operating		1,399	972	1,862
- Legal Risk Fund		548	344	357
- Other appropriations		10,115	2,342	16,915
Other revenue - Operating		217	-	139
Other revenue - National Pharmaceuticals Purchasing		22,203	-	5,916
<b>Total revenue</b>		<b>1,871,606</b>	<b>1,344,165</b>	<b>1,635,786</b>
<b>Expenditure</b>				
Operating costs		7,427	7,854	9,640
Personnel costs	3	23,598	22,115	21,049
Audit Fees		181	120	133
Depreciation and amortisation costs	8, 9	327	290	421
Director Fees	15	159	199	152
Finance Costs		-	-	-
Net National Pharmaceuticals Purchasing costs/distributions	2	1,595,013	1,425,400	1,590,156
Hospital Discretionary Pharmaceutical Fund (HDPF)	4	-	-	7,731
Implementation projects		1,306	1,317	1,358
Legal Risk Fund payments for litigation		-	250	27
Occupancy costs		917	940	928
<b>Total expense</b>		<b>1,628,928</b>	<b>1,458,485</b>	<b>1,631,595</b>
<b>Net surplus/(deficit) for the period</b>		<b>242,678</b>	<b>(114,320)</b>	<b>4,191</b>
Other comprehensive revenue		-	-	-
<b>Total comprehensive revenue and expense</b>		<b>242,678</b>	<b>(114,320)</b>	<b>4,191</b>
Total comprehensive revenue and expense from:				
- Pharmac operations		(838)	(2,262)	(9,734)
- National Pharmaceuticals Purchasing		243,516	(112,058)	13,925
<b>Total comprehensive revenue and expense</b>		<b>242,678</b>	<b>(114,320)</b>	<b>4,191</b>

From 1 July 2023 all funding for COVID-19 related activities is included within the National Pharmaceuticals Purchasing (NPP) appropriation. As a result all NPP and COVID-19 activities have been combined and reported as "Funding from the Crown - National Pharmaceuticals Purchasing" and the 2022/23 comparative has also been combined. In the Notes to the Financial Statements this activity has now been combined as Note 2.

Explanations of significant variances against budget are detailed in note 22.

The accompanying accounting policies and notes form part of these financial statements.

## Statement of changes in equity

For the year ended 30 June 2024

		<b>Actual</b>	<b>SPE</b>	<b>Actual</b>
	<b>Note</b>	<b>2024</b>	<b>Budget</b>	<b>2023</b>
		<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Balance at 1 July</b>		158,623	189,738	154,432
Total comprehensive revenue and expense		242,678	(114,320)	4,191
<b>Balance at 30 June</b>	<b>4</b>	<b>401,301</b>	<b>75,418</b>	<b>158,623</b>

Explanations of significant variances against budget are detailed in note 22.

The accompanying accounting policies and notes form part of these financial statements.

## Statement of financial position

As at 30 June 2024

		Actual 2024 \$000	SPE Budget 2024 \$000	Actual 2023 \$000
	<b>Note</b>			
<b>PUBLIC EQUITY</b>				
Contribution capital	4	1,856	1,856	1,856
Retained earnings and reserves	4	389,967	50,305	141,341
<b>Restricted reserves</b>				
HDPF	4	-	12,791	5,061
Legal Risk Fund	4	9,478	9,036	8,930
Medical Devices Reserve	4	-	1,430	1,435
<b>TOTAL PUBLIC EQUITY</b>		<b>401,301</b>	<b>75,418</b>	<b>158,623</b>
Represented by:				
<b>Current assets</b>				
Cash and cash equivalents	5	348,572	74,315	181,312
Investments	6	16,500	18,300	16,800
Debtors and other receivables	7	194,679	148,020	159,033
Prepayments		726	200	204
Inventories		76,861	26,073	122,313
GST Receivable		-	-	25,711
<b>Current assets associated with Restricted reserves</b>				
Cash and cash equivalents - Legal Risk Fund/HDPF	5	539	929	572
Investments - Legal Risk Fund/HDPF	6	8,800	11,000	11,000
<b>Total current assets</b>		<b>646,677</b>	<b>278,837</b>	<b>516,945</b>
<b>Non-current assets</b>				
Property, plant and equipment	8	424	399	470
Intangible Assets	9	-	16	-
<b>Total non-current assets</b>		<b>424</b>	<b>415</b>	<b>470</b>
<b>Total assets</b>		<b>647,101</b>	<b>279,252</b>	<b>517,415</b>
<b>Current liabilities</b>				
Creditors and other payables	10	231,436	201,806	356,419
Employee entitlements	11	2,235	1,500	2,045
GST Payable		11,801	200	-
<b>Total current liabilities</b>		<b>245,472</b>	<b>203,506</b>	<b>358,464</b>
<b>Non-current liabilities</b>				
Make Good Provision	12	328	328	328
<b>Total liabilities</b>		<b>245,800</b>	<b>203,834</b>	<b>358,792</b>
<b>NET ASSETS</b>		<b>401,301</b>	<b>75,418</b>	<b>158,623</b>

Explanations of significant variances against budget are detailed in note 22.

The accompanying accounting policies and notes form part of these financial statements.

## Statement of cash flows

For the year ended 30 June 2024

	Actual 2024 \$000	SPE Budget 2024 \$000	Actual 2023 \$000
<b>CASH FLOWS – OPERATING ACTIVITIES</b>			
Cash was provided from:			
- Operating receipts from the Crown	29,907	29,507	29,347
- National Pharmaceuticals Purchasing receipts from the Crown	1,806,211	1,311,000	1,581,250
- Receipts from pharmaceutical suppliers	806,098	679,000	690,922
- Operating Receipts from Crown Entities	1,006	-	-
- Interest Operating	1,285	972	1,768
- Interest Legal Risk Fund	467	344	307
- Interest National Pharmaceuticals Purchasing	10,115	2,342	16,915
- Other Operating revenue	217	-	139
- Other National Pharmaceuticals Purchasing revenue	1,402	-	5,916
- Goods and services tax (net)	37,512	-	-
	<b>2,694,220</b>	<b>2,023,165</b>	<b>2,326,564</b>
Cash was disbursed to:			
- Legal Risk Fund expenses	-	(250)	(27)
- Payments to suppliers and employees	(41,599)	(32,593)	(33,723)
- Payments to Crown Entities - National Pharmaceuticals Purchasing	(2,230,497)	(1,865,000)	(1,552,535)
- Payments to other Entities - National Pharmaceuticals Purchasing	(257,116)	(125,000)	(563,751)
- Goods and services tax (net)	-	-	(26,378)
	<b>(2,529,212)</b>	<b>(2,022,843)</b>	<b>(2,176,414)</b>
<b>Net cash flows from operating activities</b>	<b>165,008</b>	<b>322</b>	<b>150,150</b>
<b>CASH FLOWS – INVESTING ACTIVITIES</b>			
- Purchase of property, plant and equipment	(281)	(215)	(131)
- Purchase of intangible assets	-	(20)	-
- Proceeds from the redemption of investments	35,100	2,700	42,800
- Purchase of investments	(32,600)	-	(40,000)
<b>Net cash flows from investing activities</b>	<b>2,219</b>	<b>2,465</b>	<b>2,669</b>
Net increase/(decrease) in cash	167,227	2,787	152,819
Cash at the beginning of the year	181,884	72,457	29,065
<b>Cash at the end of the year</b>	<b>349,111</b>	<b>75,244</b>	<b>181,884</b>

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.

Following a review of the presentation on the Statement of cash flows a change has been made to better represent the requirements of IPSAS 2 for presenting gross cash inflows and outflows. In the above statement the Rebates from pharmaceutical suppliers have been presented now as a Cash inflow and as a result the prior year value of \$690.922 million, which was previously offset in Payments for National Pharmaceuticals Purchasing, is now presented. Additionally the previous Payments for National Pharmaceuticals Purchasing presentation has been split between Payments to Crown Entities, and payments to other Entities and the prior year comparatives have been amended accordingly.

Explanations of significant variances against budget are detailed in note 22.

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 2024

	\$000	\$000	\$000	\$000	\$000
<b>Output Actual 2023/24</b>	<b>Funding MoH</b>	<b>Funding Other</b>	<b>Total Revenue</b>	<b>Output expenditure</b>	<b>Net surplus/ (deficit)</b>
National Management of Pharmaceuticals	29,907	3,170	33,077	(33,915)	(838)
National Pharmaceuticals Purchasing	1,806,211	32,318	1,838,529	(1,595,013)	243,516
<b>Total</b>	<b>1,836,118</b>	<b>35,488</b>	<b>1,871,606</b>	<b>(1,628,928)</b>	<b>242,678</b>

<b>Output SPE Budget 2023/24</b>	<b>Funding MoH</b>	<b>Funding Other</b>	<b>Total Revenue</b>	<b>Output expenditure</b>	<b>Net surplus/ (deficit)</b>
National Management of Pharmaceuticals	29,507	1,316	30,823	(33,085)	(2,262)
National Pharmaceuticals Purchasing	1,311,000	2,342	1,313,342	(1,425,400)	(112,058)
<b>Total</b>	<b>1,340,507</b>	<b>3,658</b>	<b>1,344,165</b>	<b>(1,458,485)</b>	<b>(114,320)</b>

<b>Output Actual 2022/23</b>	<b>Funding MoH</b>	<b>Funding Other</b>	<b>Total Revenue</b>	<b>Output expenditure</b>	<b>Net surplus/ (deficit)</b>
National Management of Pharmaceuticals	29,347	2,358	31,705	(41,439)	(9,734)
National Pharmaceuticals Purchasing	1,581,250	22,831	1,604,081	(1,590,156)	13,925
<b>Total</b>	<b>1,610,597</b>	<b>25,189</b>	<b>1,635,786</b>	<b>(1,631,595)</b>	<b>4,191</b>

From 1 July 2023 all funding for COVID-19 related activities is included within the National Pharmaceuticals Purchasing (NPP) appropriation. As a result all NPP and COVID-19 activities have been combined and reported as "National Pharmaceuticals Purchasing" and the 2022/23 comparative has also been combined.

## Statement of commitments

As at 30 June 2024

### Non-cancellable operating lease commitments

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

	<b>Actual 2024 \$000</b>	<b>Actual 2023 \$000</b>
<b>Operating commitments approved and contracted</b>		
<b><i>Rental lease</i></b>		
Not later than one year	979	918
Later than one year and not later than five years	4,163	459
Later than five years and not later than ten years	1,561	-
<b>Balance at 30 June</b>	<b>6,703</b>	<b>1,377</b>

Pharmac's rental lease dates back to the 2002/03 financial year, and has been the subject of regular variation. During 2020/21, variations were executed to occupy another floor taking total floors to five (four of which are contiguous space). At the end of 2023/24 Pharmac renegotiated the lease and the expiry date is now 31 December 2030. Pharmac has recognised a make good provision of \$327,825 (2023: \$327,825).

---

## Statement of contingent assets and liabilities

As at 30 June 2024

Pharmac has no contingent assets as at 30 June 2024 (2023: \$nil).

Pharmac has no contingent liabilities as at 30 June 2024 (2023: \$nil).

---

Explanations of significant variances against budget are detailed in note 22.

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 2024. The financial statements were approved by the Board of Pharmac on 31 October 2024.

### 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 financial reporting standards, which have been applied consistently throughout the period, and complies with PBE financial reporting 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).

### Standards issued and not yet effective and not early adopted

Standards and amendments issued but not yet effective and not early adopted are:

#### *Disclosure of Fees for Audit Firms' Services (Amendments to PBE IPSAS 1)*

Amendments to PBE IPSAS 1 *Presentation of Financial Reports* change the required disclosures for fees relating to services provided by the audit or review provider, including a requirement to disaggregate the fees into specified categories. The amendments to PBE IPSAS 1 aim to address concerns about the quality and consistency of disclosures an entity provides about fees paid to its audit or review firm for different types of services. The enhanced disclosures are expected to improve the transparency and consistency of disclosures about fees paid to an entity's audit or review firm. This is effective for the year ended 30 June 2025.

### 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.

#### 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 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, 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 and 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 subsequent to 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:

<b>Item</b>	<b>Estimated useful life</b>	<b>Depreciation rate</b>
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 2–5 years with a corresponding depreciation rate of 20%–50%.

### *Payables*

Short-term payables are recorded at their fair value.

### *Employment 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 the 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
- 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, the Inland Revenue Department (IRD) is included as part of the receivables or payables in the statement of financial position.

The net GST paid to or received from the IRD, 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 the payment of 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.

#### Critical judgements in applying Pharmac's accounting policies

The Minister of Health determined that the level of the Combined Pharmaceutical Budget (CPB) for 2023/24 would be \$1,806 million.

The CPB comprises Government expenditure for community medicines, vaccines, hemophilia 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.

Additionally Pharmac negotiates rebates with pharmaceutical companies that are collected as an offset of pharmaceutical costs incurred in the New Zealand Health Sector.

Pharmac has assessed it is acting as principal in relation to NPP funding received from the Ministry of Health and related transactions including rebates. This is considered a significant accounting policy judgement as it has a significant impact on Pharmac's financial statements and reported results.

During the 2022/23 financial year the Government passed responsibility to Pharmac for the purchase of COVID-19 Vaccines.

---

## Note 2: National Pharmaceutical Purchasing (NPP) Activities

	Actual 2024 \$000	Actual 2023 \$000
Revenue received (from the Ministry of Health) - National Pharmaceuticals Purchasing	1,806,211	1,581,250
<b>Total NPP Revenue</b>	<b>1,806,211</b>	<b>1,581,250</b>
NPP costs/distributions less Rebate recoveries from pharmaceutical suppliers	2,436,402 (841,389)	2,294,678 (704,522)
<b>Net NPP costs/distributions</b>	<b>1,595,013</b>	<b>1,590,156</b>
<b>Total NPP operational surplus/(deficit)</b>	<b>211,198</b>	<b>(8,906)</b>
Interest Revenue - NPP	10,115	16,915
Other revenue - NPP	22,203	5,916
<b>Total NPP surplus</b>	<b>243,516</b>	<b>13,925</b>

Pharmac is responsible for the National Pharmaceuticals Purchasing Appropriation. This is for the provision of Community Pharmacy Claims, Pharmaceutical Cancer Treatments, Haemophilia products, Hospital Medicines, Hepatitis C treatments, non-COVID-19 Vaccines and other direct expenses. From 1 July 2023 all COVID-19 related activity was transferred to the National Pharmaceuticals Purchasing Appropriation.

A total of \$1,806.2 million (2023 \$1,186.0 million) has been received by Pharmac for the National Pharmaceuticals Purchasing Appropriation and has been recognised by Pharmac as crown revenue in 2023/24.

Rebate recoveries are offset against gross expenditure as expenses are incurred.

Non-COVID-19 vaccines inventory	38,100	26,859
COVID-19 Vaccines inventory	21,958	44,236
COVID-19 Treatments inventory	16,803	51,218
<b>Total inventory</b>	<b>76,861</b>	<b>122,313</b>

\$76.861 million of inventory was held at 30 June (2023: \$122.313 million). A total of \$270.677 million of inventory has been expensed in the 2024 financial year (2023: \$404.376 million). Included within the values expensed there have been \$13.083 million write-downs in the 2024 financial year (2023: \$42.239 million) as a result of expiry of the vaccines or treatments.

**Critical accounting estimate** - Pharmac accrues National Pharmaceuticals Purchasing expenditure as at 30 June, \$219.908 million (2023: \$301.256 million). This is due to the delayed receipt of distributions made by community pharmaceuticals. The estimate of expenditure incurred but not yet received is made on each funded pharmaceutical and is based on actual National Pharmaceuticals Purchasing expenditure incurred in the year to date and historical dispensing information.



### Note 3: Personnel costs

	<b>Actual 2024 \$000</b>	<b>Actual 2023 \$000</b>
Salaries and related costs	22,312	19,989
Employer contributions to defined contribution plans	560	521
Other personnel costs	726	539
<b>Total personnel costs</b>	<b>23,598</b>	<b>21,049</b>

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

---

## Note 4: Public equity

	Actual 2024 \$000	Actual 2023 \$000
<b>CONTRIBUTION CAPITAL</b>		
Balance at 1 July	1,856	1,856
<b>Balance at 30 June</b>	<b>1,856</b>	<b>1,856</b>
<b>RETAINED EARNINGS AND RESERVES</b>		
Balance at 1 July	141,341	128,204
Net surplus/(deficit)	242,678	4,191
Net transfer from/(to) HDPF	5,061	7,731
Net transfer from/(to) Legal Risk fund	(548)	(330)
Net transfer from/(to) Medical Devices reserve	1,435	1,545
<b>Balance at 30 June</b>	<b>389,967</b>	<b>141,341</b>
<b>HDPF</b>		
Balance at 1 July	5,061	12,792
Less: Balance transferred from/(to) retained earnings	(5,061)	(7,731)
<b>Balance at 30 June</b>	<b>-</b>	<b>5,061</b>
<b>LEGAL RISK FUND</b>		
Balance at 1 July	8,930	8,600
Add: Interest received transferred from/(to) retained earnings	548	357
Less: Litigation expenses transferred from/(to) retained earnings	-	(27)
<b>Balance at 30 June</b>	<b>9,478</b>	<b>8,930</b>
<b>MEDICAL DEVICES RESERVE</b>		
Balance at 1 July	1,435	2,980
Less: Devices expenses transferred from/(to) retained earnings	(236)	(1,545)
Less: Balance transferred from/(to) retained earnings	(1,199)	-
<b>Balance at 30 June</b>	<b>-</b>	<b>1,435</b>
<b>TOTAL PUBLIC EQUITY</b>	<b>401,301</b>	<b>158,623</b>

## Note 5: Cash and cash equivalents

	Actual 2024 \$000	Actual 2023 \$000
Pharmac funds	2,623	9,142
Appropriation funds	345,949	172,170
Legal Risk Fund/HDPF (Restricted)	539	572
<b>Total Cash and cash equivalents</b>	<b>349,111</b>	<b>181,884</b>

## Note 6: Investments

	Actual 2024 \$000	Actual 2023 \$000
Term deposits - Pharmac	16,500	16,800
Term deposits - Legal Risk Fund	8,800	8,300
Term deposits - HDPF	-	2,700
<b>Total Investments</b>	<b>25,300</b>	<b>27,800</b>

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 7: Debtors and other receivables

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

	2024			2023		
	Gross \$000	Impairment \$000	Net \$000	Gross \$000	Impairment \$000	Net \$000
Not past due	192,395	-	192,395	159,033	-	159,033
Past due 30-60 days	-	-	-	-	-	-
Past due 61-90 days	179	-	179	-	-	-
Past due > 90 days	2,105	-	2,105	-	-	-
<b>Total</b>	<b>194,679</b>	<b>-</b>	<b>194,679</b>	<b>159,033</b>	<b>-</b>	<b>159,033</b>

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

## Note 8: 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
<b>2023</b>							
Furniture and fittings	645	27	-	418	76	-	178
EDP equipment	1,499	104	-	1,271	191	-	141
Office equipment	111	-	-	99	3	-	9
Leasehold improvements	1,602	-	-	1,309	151	-	142
<b>Total PPE</b>	<b>3,857</b>	<b>131</b>	<b>-</b>	<b>3,097</b>	<b>421</b>	<b>-</b>	<b>470</b>
<b>2024</b>							
Furniture and fittings	672	48	-	494	80	-	146
EDP equipment	1,603	231	-	1,462	144	-	228
Office equipment	111	2	-	102	4	-	7
Leasehold improvements	1,602	-	-	1,460	99	-	43
<b>Total PPE</b>	<b>3,988</b>	<b>281</b>	<b>-</b>	<b>3,518</b>	<b>327</b>	<b>-</b>	<b>424</b>

## Note 9: 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	Amortisation for the year \$000	Elimination on disposals \$000	Net Carrying Amount as at 30 June \$000
<b>2023</b>							
<b>Total Intangible assets</b>	<b>557</b>	<b>-</b>	<b>-</b>	<b>557</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2024</b>							
<b>Total Intangible assets</b>	<b>557</b>	<b>-</b>	<b>-</b>	<b>557</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Note 10: Creditors and other payables

	<b>Actual 2024 \$000</b>	<b>Actual 2023 \$000</b>
Creditors	10,503	46,292
Accrued expenses	220,933	310,127
<b>Total creditors and other payables</b>	<b>231,436</b>	<b>356,419</b>

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 11: Employee entitlements

	<b>Actual 2024 \$000</b>	<b>Actual 2023 \$000</b>
Annual leave entitlement	1,335	1,252
Accrued salaries and wages	900	793
<b>Total employee entitlements</b>	<b>2,235</b>	<b>2,045</b>

---

## Note 12: Provisions

	<b>Actual 2024 \$000</b>	<b>Actual 2023 \$000</b>
Non-current provisions are represented by:		
Lease make good	328	328
<b>Total non-current provisions</b>	<b>328</b>	<b>328</b>
<b>Movement for "make good" provision</b>		
Balance at 1 July	328	328
<b>Balance at 30 June</b>	<b>328</b>	<b>328</b>

---

**Note 13: Reconciliation of the net surplus from operations with  
the net cash flows from operating activities**

	<b>Actual 2024 \$000</b>	<b>Actual 2023 \$000</b>
Net surplus/(deficit)	242,678	4,191
Add non-cash items:		
Depreciation and amortisation	327	421
Total non-cash items	327	421
Add/(less) movements in working capital items:		
Decrease/(increase) in debtors and other receivables	(35,646)	(158,817)
Decrease/(increase) in prepayments	(522)	4,571
Decrease/(increase) in inventory	45,452	(27,280)
Increase/(decrease) in creditors and other payables	(124,983)	353,197
Increase/(decrease) in employee entitlements	190	245
Decrease/(increase) in net GST	37,512	(26,378)
Net movements in working capital	(77,997)	145,538
<b>Net cash flows from operating activities</b>	<b>165,008</b>	<b>150,150</b>

## Note 14: 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.

	<b>Actual 2024</b>	<b>Actual 2023</b>
<b>Key management personnel compensation</b>		
<b>Board members</b>		
Remuneration	\$ 159,133	\$ 152,500
Full-time equivalent members	5.51	5.17
<b>Leadership team</b>		
Remuneration	\$2,656,118	\$2,269,656
Full-time equivalent members	7.90	7.02
Total key management personnel compensation	<b>\$2,815,252</b>	<b>\$2,422,156</b>
Total full-time equivalent members	<b>13.41</b>	<b>12.19</b>

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

## Note 15: Board members' remuneration

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

Member	Fees	
	2024 \$000	2023 \$000
Hon Paula Bennett (Chair)	4	-
Dr Peter Bramley (Deputy Chair)	39	7
Talia Anderson-Town	24	24
Dr Anthony Jordan	24	24
Dr Diana Siew	24	24
Dr Margaret Wilsher	24	-
Hon Steve Maharey (Chair)	20	48
Dr Claudia Wyss (Deputy Chair)	-	22
Dr Elizabeth Zhu	-	3
<b>Total Board member remuneration</b>	<b>159</b>	<b>152</b>

There have been payments of \$626,638 (2023: \$696,601) made to committee members appointed by the Director-General of Health or the Board who are not Board members during the financial year. Details can be found in Appendix Two of this Annual Report.

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 (2023: \$nil).



## Note 16: Employee remuneration

Total remuneration paid or payable	Actual	
	\$000	2024
100 - 110	21	14
110 - 120	12	14
120 - 130	12	21
130 - 140	18	5
140 - 150	11	9
150 - 160	7	4
160 - 170	2	7
170 - 180	4	4
180 - 190	2	2
190 - 200	4	1
200 - 210	1	1
220 - 230	1	1
230 - 240	1	-
240 - 250	1	1
250 - 260	1	-
260 - 270	-	1
280 - 290	1	-
290 - 300	2	1
320 - 330	1	-
330 - 340	1	1
340 - 350	1	1
480 - 490	-	1
490 - 500	1	-

---

## Note 17: Events after the balance date

There are no post balance date events.

---

## Note 18: 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.

## Note 18: Financial instrument risks (continued)

### *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.

	<b>2024</b> <b>Less than</b> <b>6 months</b> <b>\$000</b>	<b>2023</b> <b>Less than</b> <b>6 months</b> <b>\$000</b>
<b>Creditors and other payables</b>	<b>231,436</b>	<b>356,419</b>

### *Fair value*

The carrying amounts of financial instruments as disclosed in the financial statements at 30 June 2024 and 30 June 2023 approximate their fair values as shown in note 10.

---

## Note 19: 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.

	<b>Actual</b> <b>2024</b> <b>\$000</b>	<b>Actual</b> <b>2023</b> <b>\$000</b>
<b>Counterparties with credit ratings</b>		
Cash at bank and term deposits		
AA-	364,611	199,984
A+	-	-
A	9,800	9,700
<b>Total cash at bank and term deposits</b>	<b>374,411</b>	<b>209,684</b>
<b>Receivables</b>		
Debtors and other receivables	194,679	159,033
<b>Total receivables</b>	<b>194,679</b>	<b>159,033</b>

## **Note 20: 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 21: 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 (2023: \$nil).

---

## Note 22: 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*

Revenue is higher than budget by \$527.4 million. During the 2022/23 financial year Pharmac became responsible for the purchase of COVID-19 Vaccines for New Zealand. However, at the start of the 2024 financial year no funding had been budgeted for the acquisition of COVID-19 pharmaceuticals.

During the 2023/24 financial year Cabinet approved additional funding for the cost of medicines following the removal of the prescription charge and expected additional demand for prescriptions, COVID-19 Vaccines and COVID-19 Treatments as part of the National Pharmaceuticals Purchasing Appropriation. The remaining balance from the Multi Class Appropriation COVID-19 Vaccine Purchasing Appropriation was also transferred to the National Pharmaceuticals Purchasing Appropriation. These changes totalled \$495.2 million.

Additionally Pharmac received some COVID-19 pharmaceuticals from the Australian Government at no cost, which was deemed to have a value of \$20.8 million. This was not budgeted for.

Interest revenue was much higher than expected from higher cash balances than normal and continuation of a relatively high OCR across the year.

Total expenses were \$170.4 million higher than budget. This was mainly a result of additional expenditure related to the additional funding provided in the National Pharmaceuticals Purchasing Appropriation for COVID-19 pharmaceuticals. Additionally, it was expected that inventories of pharmaceuticals would be reduced significantly however with the additional funding, inventory increased over expected budget levels by \$50.8 million. Also the rebate recoveries were higher than expected enabling higher investment in pharmaceuticals. Operating costs were \$0.8 million higher than budget from additional vaccine storage and freight costs.

The net surplus for the year ended 30 June 2024 of \$242.7 million is \$357.0 million higher than the SPE budgeted (deficit) of (\$114.3) million.

### *Statement of financial position*

The major changes in the statement of financial position relate to the recognition of additional debtors and other receivables, offset by the recognition of Creditors and other payables, as a result of the transition to Pharmac of responsibility for managing the National Pharmaceuticals Purchasing Appropriation, and increases in the inventory holdings of the respective vaccines and treatments products. Additionally having received the additional new funding a large part of the funding was not able to be utilised with non-approval of some pharmaceuticals. The funds have been retained as part of Retained Earnings at 30 June 2024.

The increase in public equity of \$325.9 million reflects the movements described above.

---

## **Note 23: 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 were no significant restrictions within New Zealand, however, there continued to be significant border controls severely limiting access into New Zealand.

During the 2023 financial year Pharmac took responsibility for managing the National Pharmaceuticals Purchasing Appropriation and also the acquisition of various COVID-19 Vaccines.

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 one

## Fees paid for expert advice 2023/24

Committee Member	Remuneration/ Fees (\$)	Committee Member	Remuneration/ Fees (\$)	Committee Member	Remuneration/ Fees (\$)
Aitken	1,193	Jarrett	1,755	Reed	516
Anderson	22,418	Jefferies	1,301	Reynolds	1,900
Babington	7,322	Jennings	2,988	Sadlier	7,519
Blake	3,800	Johnson	2,406	Savell	1,100
Brake	1,560	Kalolo	2,769	Schnakenberg	2,494
Braund	39,003	Khan	2,600	Smallman	2,192
Buchanan	5,950	Kilfoyle	8,140	Stamp	3,274
Cameron	2,115	King	11,788	Stanfield	3,085
Campbell	1,550	Lack	17,184	Stephenson	350
Chembo	1,365	Lawrence	1,238	Stokes	2,800
Chinn	250	Le Fevre	11,300	Strother	30,189
Dalton	417	Loft	7,110	Sycamore	768
Daludong	1,600	Lunt	3,218	Tatley	233
Davis	1,254	MacKenzie K	1,170	Taurua	1,810
Dawes	13,935	Makal	900	Teague	7,450
Deans	479	Manuel	14,242	Thomas J	39,483
Dennett	12,400	Marianne	2,009	Thomas W	18,145
D'Sousa	1,483	Mathavan	8,420	Timmings	6,683
Duffy	1,093	McCarthy	2,115	Travers	4,308
Erasmus	3,750	McLean	3,239	Turner	3,078
Evans	11,400	Menkes	350	Vaka	2,167
Fink	3,522	Mottershead	36,698	Verheijen	5,245
Flethcher	1,720	Munn	61,575	Vroegop	9,903
Frampton	5,160	Murphy	6,272	Wakim	2,395
Fraser	15,278	Newton-Howes	1,170	Walls	2,542
Ganly	1,365	Ockleford	8,537	Walmsley	3,769
Gilli	657	O'Donnell A	12,296	Webb	3,586
Gunn	1,600	O'Donnell C	1,265	Watson	344
Hartley	3,000	O'Grady	300	Whyte	200
Heal	2,376	Paul	669	Wilson E	4,302
Hemmings	5,002	Pidgeon	1,433	Wilson H	634
Herbison	1,300	Pihema	8,641	Wilson M	3,350
Hikaka	3,967	Poot	225	Wiltshire	2,080
Hina	3,276	Purvis	600	Wong	1,463
Hoare	2,452	Rademaker	950	Wood	1,767
Hood	800	Randall	3,300	Woollett	2,059
Isaacs	6,376	Raymond	1,100		
<b>Total</b>					<b>626,638</b>

# PHARMAC

TE PĀTAKA WHAIORANGA

---

Pharmaceutical Management Agency  
Level 9, 40 Mercer Street, PO Box 10254, Wellington 6143, New Zealand  
Phone: 64 4 460 4990 - Fax: 64 4 460 4995 - [www.pharmac.govt.nz](http://www.pharmac.govt.nz)  
Freephone information line (9am-5pm weekdays) 0800 66 00 50

---

ISSN 1179-3759 (Print)  
ISSN 1179-3767 (Online)

---

Te Pātaka Whaioranga  
Te Kāwanatanga o Aotearoa

---

Publication date November 2024