

Briefing

Process to appoint a Chair to the Pharmac Board

Date due to MO: 2 February 2024 **Action required by:** 9 February 2024

Security level: IN CONFIDENCE **Health Report number:** H2024034842

To: Hon David Seymour, Associate Minister of Health (Pharmac)

Copy to: Hon Dr Shane Reti, Minister of Health

Consulted: Health New Zealand: Māori Health Authority:

Contact for telephone discussion

Name	Position	Telephone
Sarah Turner	Deputy Director-General, Government and Executive Services Te Pou Whakaterere Kāwanatanga	s 9(2)(a)
Stasha Mason	Manager, Statutory Appointments and Integrity Services, Government and Executive Services Te Pou Whakaterere Kāwanatanga	s 9(2)(a)

Minister's office to complete:

- | | | |
|---|------------------------------------|--|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Decline | <input type="checkbox"/> Noted |
| <input type="checkbox"/> Needs change | <input type="checkbox"/> Seen | <input type="checkbox"/> Overtaken by events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn | |

Comment:

Process to appoint a Chair to the Pharmac Board

Security level: IN CONFIDENCE

Date: 2 February 2024

To: Hon David Seymour, Associate Minister of Health (Pharmac)

Purpose of report

1. This paper provides you with an overview of the process for appointing a Chair to the Board of Pharmac | Te Pātaka Whaioranga, and seeks your agreement to the recruitment approach and relevant skill requirements for the Chair role.

Summary

2. On 30 November 2023 the previous Chair of the Board, Hon Steve Maharey, resigned. In accordance with section 11(1)(b) of Schedule 5 to the Crown Entities Act 2004 (the CE Act), the Deputy Chair, Dr Peter Bramley, is acting as Chair until a permanent Chair is appointed.
3. The Ministry of Health | Manatū Hauora (the Ministry) proposes a standard Crown entity recruitment and appointment process for filling the Chair role. The Public Service Commission | Te Kawa Mataaho outlines the statutory appointment process appointing agencies should follow in its *Board Appointment and Induction Guidelines* and a summary of the process and indicative timeframes for the Chair appointment are attached as **Appendix A**.
4. The Ministry also seeks your agreement to the required skills as outlined in this paper, and the current Board skills matrix attached as **Appendix B**.
5. We also seek your approval of the position description for the Chair role attached as **Appendix C** and draft advertisement attached as **Appendix D**.
6. Ministry officials would be happy to meet with you to discuss this process in more detail and to ensure your views are incorporated into the recruitment activity and skills assessment of potential candidates.

Recommendations

We recommend you:

- a) **agree** to the proposed recruitment approach for the Chair of the Pharmac Board and note the indicative timeframes set out in **Appendix A** **Yes/No**
- b) **agree** to the skill requirements as outlined in the skills matrix attached as **Appendix B** **Yes/No**
- c) **approve** the duties and responsibilities for the Chair of the Pharmac Board attached as **Appendix C** **Yes/No**
- d) **approve** the draft advertisement attached as **Appendix D** **Yes/No**
- e) **agree** to meet with Ministry officials to discuss the recruitment and appointment process in more detail **Yes/No**
- f) **indicate** if you would like the Ministry to provide letters for you to seek nominations from your party caucus and the other Coalition Government parties. **Yes/No**



Sarah Turner
Deputy Director-General
Government and Executive Services |
Te Pou Whakatere Kāwanatanga
Date: 29 January 2024

Hon David Seymour
Associate Minister of Health (Pharmac)
Date:

Process to Appoint a Chair to the Pharmac Board

Background

1. Pharmac was established under the New Zealand Public Health and Disability Act 2000 and is a Crown entity for the purpose of section 7 of the Crown Entities Act 2004 (the CE Act). Section 67(1) of the Pae Ora (Healthy Futures) Act 2022 (the Pae Ora Act) enables the continuation of Pharmac.
2. Pharmac's primary objective under section 68 of the Pae Ora Act is 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.
3. Board members are involved in a wide range of governance activities. Their duties are set out in Section 69 of the Pae Ora Act and Section 14 of the CE Act, which include requirements to act in good faith, with reasonable care, diligence and skill, and with honesty and integrity.
4. Section 73 of the Pae Ora Act states that the Board consists of up to 6 members appointed under section 28 of the CE Act for terms of up to 3 years. There are 5 current members of the Board including the Acting Chair.
5. There are 2 members, Dr Anthony Jordan and Talia Anderson-Town, whose terms will expire in December 2024.

Process for recruiting and appointing a permanent Chair

6. The process for recruiting and appointing a permanent Chair to the Board should align with the standard appointment process for Crown entity board appointments in line with the Public Service Commission's *Board Appointment and Induction Guidelines*, and also needs to meet the requirements set out in the Cabinet Manual and those set under the Pae Ora Act and the CE Act. **Appendix A** provides an outline of the process and indicative timeframes.
7. The key steps in this process involve:
 - a. the Ministry providing you with advice on the current make up and skills of the Board and seeking your input into the skills matrix and position profile to be used for recruitment (included in this paper)
 - b. recruitment of appropriate candidates which will include an opportunity for you (and your party caucus and Government Coalition parties if wanted) to put forward nominees
 - c. evaluation of candidates, including shortlisting
 - d. confirmation of your preferred candidates
 - e. completion of due diligence checks

- f. preparation of papers for the Cabinet Appointments and Honours (APH) Committee, including ministerial consultation
 - g. consideration of appointments by APH and confirmation by Cabinet
 - h. notification of appointees and publication of appointments in the *New Zealand Gazette*.
8. Timing will be dependent on the quality of candidates received and the achievement of the milestones set out in the timeline attached as **Appendix A**.

Required skills and experience

9. A skills matrix for the current Board is attached as **Appendix B**. The role of the Chair is to provide leadership and direction to Pharmac and the Board, and to ensure the Board effectively governs Pharmac to deliver against legal requirements and ministerial expectations within the budget that has been made available to it.
10. The Board appoints and holds the Chief Executive to account and makes specific decisions for which it has statutory independence. The Board is also responsible for monitoring and reporting on Pharmac's performance and its use of funds, and is accountable to you, as the Associate Minister of Health (Pharmac), and Parliament.
11. Taking into account the required skills of the Board, and the skill makeup of the current Board, the Ministry recommends that the permanent Chair has the following key expertise and skills.
 - a. Extensive chair level board governance experience in public sector and/or private sector entities (particularly ones with significant media profiles), including an understanding of public sector accountability and the role of a Crown entity, and demonstrated ability to lead robust decision-making processes.
 - b. Proven ability to drive meaningful and good faith engagement with stakeholder and consumer groups.
 - c. Significant financial governance expertise and understanding of the private sector market that Pharmac operates in given its role in purchasing pharmaceuticals.
 - d. Significant experience with government processes (including select committee processes, and proven experience in implementing government initiatives).
12. In addition to these key skills, we also consider that there is other desirable expertise that would be beneficial for the permanent Chair to have, in particular the below.
 - a. Knowledge of and/or experience with the health system.
 - b. The ability to lead and govern significant organisational culture change.
13. The duties and responsibilities document for the Chair is attached as **Appendix C** for your review and approval. The duties and responsibilities have been drafted to reflect the key and desirable skills outlined above.

Recruitment approach

14. In line with the key steps outlined in the *Board Appointment and Induction Guidelines*, the proposed recruitment approach for the Chair role will include recruitment through the following channels.

- a. Public advertising on the Ministry's website and the New Zealand Government Jobs website, as well as the Ministry's social media accounts.
- b. Seeking nominations from the following nominating agencies:
 - i. Ministry of Māori Development | Te Puni Kōkiri
 - ii. Ministry for Pacific People
 - iii. Ministry for Women | Manatū Wāhine
 - iv. Ministry of Disabled People | Whaikaha
 - v. Ministry for Ethnic Communities.
- c. Seeking nominations from key central agencies, in particular the Public Service Commission and the Treasury.
- d. Seeking nominations from you, and your party caucus and the Coalition Government parties if wanted. Letters seeking nominations will be provided directly to your office if you wish to seek nominations from your party caucus and the other Coalition Government parties.

Candidate assessment

15. Upon application, all candidates will be required to complete and sign conflict of interest and Privacy Act 2020 declaration forms. These are an important mechanism for ensuring the integrity of the eventual appointment made as they document up front any real, potential or perceived conflicts of interests that candidates may have in relation to the role. These will also include commentary on how the candidates intend to manage any conflicts of interest identified if they are successful in their application.
16. The Ministry will process and carry out an initial assessment of applications. Following the initial assessment, the Ministry will provide you with recommended and shortlisted candidates in a candidate selection paper for your approval.
17. After you have selected your preferred candidate, the Ministry will undertake due diligence checks, which will include:
 - a. Ministry of Justice criminal record checks
 - b. verification of education/qualifications
 - c. public profile and online presence and social media checks
 - d. conflict of interest checks
 - e. disqualified or banned directors on the Companies Register checks
 - f. referee checks
 - g. a due diligence interview of your preferred candidate.

Appointment process

18. Once all due diligence checks are completed, the Ministry will provide you with a briefing and relevant documentation to take to the Cabinet Appointments and Honours (APH) Committee for consideration, in line with Cabinet Manual requirements.
19. APH will consider the appointment paper and the minute will be confirmed at the following Cabinet meeting.

20. Your office will send a letter of appointment, with attached terms and conditions of appointment and a position description to the successful candidate, and the Ministry will inform the unsuccessful candidates.
21. A notice of appointment will be published in the *New Zealand Gazette* and a public announcement of the appointment can be made via press release from your office if you wish.

Post-appointment

22. Following confirmation of appointment, the new Chair will be inducted, and expectations and responsibilities will be outlined. The induction will be a joint effort between the Ministry's Regulation and Monitoring | Te Pou Whakamaru directorate and Pharmac, and will include:
 - a. input from the Public Service Commission on the expectations and responsibilities of Crown entity board members
 - b. a Ministry of Health overview of the core relationships and responsibilities within the health system, including the roles of the responsible Minister, monitoring agency, and Pharmac
 - c. an in-house induction from Pharmac on the structure of the organisation, Board operating procedures and core work programmes.

Equity

23. The recruitment and appointment process will be focused on identifying candidates with the specific skills and experience needed to deliver on Pharmac's mandate, and on ensuring a varied range of perspectives on the Board and will thereby also help to ensure better governance of equity issues.

Next steps

24. This appointment can be progressed at your chosen level of urgency, given there is an acting Chair in place. If you agree to the recommendations in this paper, recruitment for the Chair role can commence in February 2024. **Appendix A** outlines the full timeline.

ENDS.

Appendix A: Next steps and timeframes

Process Step	Indicative Timeframe
Minister confirms Board skills profile, duties and responsibilities, and recruitment approach (this briefing)	Early February 2024 (1-2 weeks)
Recruitment underway	Mid February 2024 (2-3 weeks)
Candidate Selection Paper provided to the Minister	Mid – late March 2024 (within 2 weeks after close of recruitment)
Minister identifies preferred candidate	Late March 2024 (1-2 weeks after candidate selection paper received by Minister's office)
Due diligence (background checks are completed on selected candidate and candidate is interviewed)	Late March – early April 2024 (within 1-2 weeks after confirmation of preferred candidate)
Ministry of Health provides memo for consideration at the Cabinet Appointments and Honours (APH) Committee	Mid – late April 2024 (within 1 week after due diligence completed)
APH considers paper and minute is confirmed at the following Cabinet meeting	Late April – early May 2024 (4 weeks after APH papers received by Minister's office)
Minister's office sends letters of appointment to successful candidate	Early – mid May 2024 (within 1 week of confirmation of Cabinet minute)
Ministry of Health informs unsuccessful candidates	Early – mid May 2024 (within 1 week of the new Chair returning their signed memorandum of appointment)
Induction of new member	Mid – late May 2024 (within 1-2 weeks of appointment)

Appendix B: Skills matrix of current Pharmac Board members

Pharmac Board		First Appointed	Term expiry	Ethnicity	Iwi (if applicable)	Location	Gender	Age range	Governance	Finance*	Organisational culture change experience*	Health professional	Business management	Significant Government process experience	Stakeholder/consumer group engagement*	Health system experience	Other
Current Members	VACANT (Chair)	N/A	N/A														
	Dr Peter Bramley (Deputy Chair and current Acting Chair)	10 April 2023	9 April 2026	s 9(2)(a)													
	Dr Anthony Jordan	4 Dec 2021	3 Dec 2024	s 9(2)(a)													
	Dr Diana Siew	23 Mar 2022	22 Mar 2025	s 9(2)(a)													
	Talia Anderson-Town	4 Dec 2021	3 Dec 2024	s 9(2)(a)													
	Dr Margaret Wilsher	3 July 2023	2 July 2026	s 9(2)(a)													

*The assessment of these skills is based on members governance experience rather than management experience in these areas.

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Appendix C: Pharmac Chair – Roles and Responsibilities

Pharmac | Te Pātaka Whaioranga

Dated January 2024

Chair – Roles and Responsibilities

About Pharmac

Pharmac | Te Pātaka Whaioranga (Pharmac) was established to ensure for eligible people in need of pharmaceuticals, the best health outcomes that are reasonably achievable from pharmaceutical treatment from within the amount of funding provided.

Pharmac as a Crown entity

Pharmac was established under the New Zealand Public Health and Disability Act 2000, and is a Crown entity for the purposes of section 7 of the Crown Entities Act 2004 (the CE Act). It is classified as a Crown agent in Part One of Schedule One to the CE Act. Section 67(1) of the [Pae Ora \(Healthy Futures\) Act 2022](#) (the Pae Ora Act) enables the continuation of Pharmac.

The Crown Entities Act provides a framework for Crown entity governance and accountability, including responsibilities of board members, disclosure of interests, and the role of Ministers. It is available at: [Crown Entities Act 2004](#)

The Minister of Health or their delegate, in this case the Associate Minister of Health (Pharmac), is the responsible Minister for Pharmac. Under the CE Act, the responsible Minister has powers in relation to all entities on matters of strategic direction, indicators, funding, performance, reporting and reviews.

Pharmac Board

Under section 73 of the Pae Ora Act, the Board of Pharmac (the Board) consists of up to 6 members appointed under section 28 of the CE Act.

The Board is involved in a wide range of governance activities. The functions of Pharmac are set out in Section 69 of the Pae Ora Act and Section 14 of the CE Act, which include requirements to act in good faith, with reasonable care, diligence and skill, and with honesty and integrity.

Further information on Pharmac and the Board can be found on its website: [Pharmac Board](#)

Role of the Chairperson

Board members are subject to the collective and individual duties of members set out in sections 58 and 59 of the CE Act.

The collective duties of board members are to ensure the Board's functions are performed efficiently, effectively and consistently in the spirit of the public service, and in a financially responsible manner.

The Chairperson of the Board is directly accountable to the Associate Minister of Health (Pharmac) for the performance of Pharmac. The Chairperson role requires:

- providing effective leadership and direction to the Board, consistent with the Associate Minister's expectations
- ensuring the effective accountability and governance of Pharmac, consistent with requirements in the Pae Ora Act, the CE Act, and other relevant legislation

- ensuring that the Board's governance practices and risk management policies are continually reviewed and updated to reflect current best practice
- providing the necessary guidance and support to Board members to ensure that they contribute effectively to the governance of Pharmac (with particular regard to the induction and mentoring of new members), and to Pharmac's Chief Executive and their senior management team as appropriate (to ensure Pharmac is managed effectively)
- ensuring a process is in place to undertake a regular (preferably annual) performance review of the Board as a whole, as well as of the Chairperson and members individually
- maintaining an ongoing review of the Board's membership profile and that of its committees, with regard to the skills needed for Pharmac's successful governance and succession to Chairperson, Deputy Chairperson and member roles
- developing and maintaining sound relationships with the Minister and Associate Minister of Health, Minister's offices, the Ministry of Health | Manatū Hauora, fellow health Crown entity Chairpeople and other stakeholders, and actively observing the 'no surprises' policy.

Board members are bound by the *Code of Conduct for Crown Entity Board Members* issued under the [Public Service Act 2020](#). The Code of Conduct can be found on Te Kawa Mataaho | Public Service Commission's website: [PSC Code of Conduct](#)

Specific skills and attributes relevant to the Chair of Pharmac

The key skills and attributes of the Chair include:

- extensive chair level board governance experience in public sector and/or private sector entities, including an understanding of public sector accountability and the role of a Crown entity, and demonstrated ability to lead robust decision-making processes
- proven ability to drive meaningful and good faith engagement with stakeholder and consumer groups
- significant financial governance expertise and understanding of the private sector market that Pharmac operates in given its role in purchasing pharmaceuticals
- significant experience with government processes.

In addition to these key skills, other desirable expertise that would be beneficial for the Chair to have include:

- knowledge of and/or experience with the health system
- the ability to lead and govern significant organisational culture change.

Term of appointment

The term of appointment of a member may be for up to 3 years or any shorter period as determined by the responsible Minister.

Section 32(3) of the CE Act states that a member continues in office despite the expiry of their term, until either reappointed, or a successor is appointed, or the member is informed in writing by the responsible Minister that they are not to be reappointed and that no successor is to be appointed at that time.

While there is provision for reappointment, there should be no expectation that a member will be offered a subsequent term of office on the expiry of their term.

Remuneration

Actual and reasonable travel and other expenses incurred in the performance of the role will be paid in accordance with Cabinet Office Circular [CO \(22\) 2: Revised Fees Framework for members appointed to bodies in which the Crown has an interest](#).

The current remuneration for the Chairperson of Pharmac is \$48,000 per annum.

All public service employees (including those employed by a Crown entity) appointed to statutory and other public bodies must be able to do their primary job unhindered and without detriment to the public interest. They will not be double paid for their job and their membership of a body covered by the Fees Framework.

Board members who are public service employees, and their employers, are expected to be familiar with the provisions in the Fees Framework. Where there are other actual and reasonable expenses such as airfares or accommodation, these will be reimbursed on the same basis as for other members.

The Board will meet as often as is necessary to carry out its role. Board members are expected to attend and participate regularly in meetings consistent with general fiduciary standards and the governance requirements under the CE Act 2004.

Criteria for appointment

Under section 29 of the CE Act, a responsible Minister:

- may only appoint a person who, in the responsible Minister's opinion, has the appropriate knowledge, skills, and experience to assist the statutory entity to achieve its objectives and perform its functions
- subject to the above, in making an appointment, must consider the desirability of promoting diversity in the membership of Crown entities.

The following people are disqualified from being a member under Section 30 of the CE Act:

- a person who is an undischarged bankrupt
- a person who is prohibited from being a director or promoter of, or being concerned or taking part in the management of, an incorporated or unincorporated body under the Companies Act 1993, or the Financial Markets Conduct Act 2013, or the Takeovers Act 1993
- a person who is subject to a property order under the Protection of Personal and Property Rights Act 1988
- a person who has been convicted of an offence punishable by imprisonment for a term of 2 years or more, or who has been sentenced to imprisonment for any other offence, unless that person has obtained a pardon, served the sentence, or otherwise suffered the penalty imposed on the person
- a member of Parliament
- a person disqualified under another Act.

Appointment Process

For an appointment to the Board of Pharmac, the process consists of the following stages.

- Recruitment. Upon application, candidates will be required to complete and sign a conflict of interest and Privacy Act 2020 declaration. This also includes commentary on how the candidates intend to manage any conflicts of interest identified if they are successful in their application.
- Evaluation and shortlisting of candidates.
- Detailed background checks, which will include:
 - Ministry of Justice criminal record checks
 - verification of education/qualifications
 - public profile and online presence and social media checks

- detailed conflict of interest checks
- disqualified or banned directors on the Companies Register checks
- referee checks.
- Candidate interviews.
- Minister selection of the candidate who they consider best meets the needs of the Board, and consultation with their ministerial colleagues as appropriate.
- Consideration of the appointment by the Cabinet Appointments and Honours (APH) Committee and Cabinet.
- Letter of appointment sent to the successful candidate.
- Public notification of appointment.

Disclosure of interest

Section 31 of the CE Act requires that before a person is appointed as a member of a Crown entity, the person must:

- consent in writing to being a member
- certify that they are not disqualified from being a member under section 30(2) of the Act; and
- disclose to the responsible Minister the nature and extent (including monetary value, if quantifiable) of all interests that the person has at that time, or is likely to have, in matters relating to the entity.

As part of the appointment process, candidates are required to complete a disclosure form (the conflict of interest and Privacy Act 2020 declaration noted above). This form meets the requirements set out above, and the information that is disclosed by candidates enables the responsible Minister to know the relevant interests and any conflicts that a person may have in relation to an appointment to an entity. The information is used to assess whether a candidate would be able to contribute effectively to the entity's affairs, and where conflicts are identified, to ensure that these can be managed appropriately.

Appendix D: Advertisement for Pharmac Chair

Chair of Pharmac | Te Pātaka Whaioranga Board New Zealand

[Pharmac | Te Pātaka Whaioranga](#) (Pharmac) was established to ensure for eligible people in need of pharmaceuticals, the best health outcomes that are reasonably achievable from pharmaceutical treatment from within the amount of funding provided.

The Ministry of Health | Manatū Hauora is seeking candidates who wish to be considered for appointment as the Chair of the Board of Pharmac.

Kōrero mō te tūranga | About the role

The role of the Chair is to provide leadership and direction to Pharmac and the Board, and to ensure the Board effectively governs Pharmac to deliver against legal requirements and ministerial expectations within the budget that has been made available to it. The Board appoints and holds the Chief Executive to account and makes specific decisions for which it has statutory independence. The Board is also responsible for monitoring and reporting on Pharmac's performance and its use of funds, and is accountable to the Associate Minister of Health (Pharmac), and Parliament.

The Minister of Health or their delegate, in this case the Associate Minister of Health (Pharmac), appoints members to the Board, typically for a term of up to 3 years and members can be reappointed. Further detail on the roles and responsibilities of the Chair of the Board can be found here [\[insert link to roles and responsibilities doc\]](#).

Kōrero mōu | About you

Under the [Pae Ora \(Healthy Futures Act\) 2022](#) (the Pae Ora Act), the Board of Pharmac consists of up to 6 members. The Board is involved in a wide range of governance activities. The functions of Pharmac are set out in section 69 of the Pae Ora Act and section 14 of the [Crown Entities Act 2004](#), which include requirements to act in good faith, with reasonable care, diligence and skill, and with honesty and integrity.

The Board, and Chair in particular, are high profile and need to be able to appropriately respond to government and ministerial expectations and represent the wider organisation in line with these expectations.

The **key skills and attributes** prospective candidates must possess include:

- extensive chair level board governance experience in public sector and/or private sector entities, including an understanding of public sector accountability and the role of a Crown entity, and demonstrated ability to lead robust decision-making processes
- proven ability to drive meaningful and good faith engagement with stakeholder and consumer groups
- significant financial governance expertise and understanding of the private sector market that Pharmac operates in given its role in purchasing pharmaceuticals
- significant experience with government processes.

Other **desirable skills and attributes** include:

- knowledge of and/or experience with the health system
- the ability to lead and govern significant organisational culture change.

Me pēhea te tono | How to apply

Applications must be made using the Ministry of Health | Manatū Hauora online [Career centre](#) by close of business on [\[insert date\]](#) and include:

- a completed declaration form [\[attached\]](#)
- a covering letter
- a current CV.

Extensive due diligence checks will be undertaken for shortlisted applicants. Your personal information will be handled in accordance with the [Privacy Act 2020](#). The Ministry of Health | Manatū Hauora may also request that the New Zealand Security Intelligence Service conduct national security screening of you as part of the due diligence process.

The outcome of the recruitment process will be confirmed after it has been considered by Cabinet's Appointments and Honours Committee.

Ko wai mātou | Who are we

See the [Ministry of Health | Manatū Hauora Board appointments webpage](#) for more information. If you have any questions, email appointments@health.govt.nz.

We value diversity and are committed to working in an inclusive and respectful way. We welcome applicants from all walks of life and appreciate the richness of experience that your point of difference could bring to the role. Please contact us if there is any support we can provide to ensure the recruitment process is accessible to you.

Minister's Notes

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