

Briefing for information

Enabling hub and spoke models of pharmacy

Date due to MO: 29 January 2026 **Action required by:** N/A

Security level: **IN CONFIDENCE** **Reference:** H2025086771

To: Hon Simeon Brown, Minister of Health

Consulted: Health New Zealand:

Proactive release: This **title** is proposed by the Ministry of Health for proactive release:

Contact for telephone discussion

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Minister's office to complete:

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 Withdrawn |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

Comment:

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Purpose of report

1. This report responds to your request for advice on the 'hub and spoke' model of pharmacy dispensing, and what legislative change would be needed to enable it.

Summary

2. Hub and spoke models of pharmacy involve 'spoke' pharmacies sending a prescription to a central 'hub' pharmacy, which then dispenses the medicine and sends it back to the spoke pharmacy or directly to the patient.
3. Under the Medicines Act 1981, hub and spoke models are only allowed if the hub and spoke are part of the same legal entity. Current ownership restrictions in the Medicines Act for community pharmacies limit the number of pharmacies operated by a company to five. This prevents large-scale hub and spoke operations, even within large pharmacy chains.
4. The Medical Products Bill, intended to be introduced this year, will better enable hub and spoke arrangements. The Bill will deregulate pharmacy ownership, which will remove the barrier to hub and spoke arrangements within chains. Regulations can also enable hub and spoke arrangements between companies. Officials are working with regulators in the United Kingdom, which allows hub and spoke between companies, to identify and mitigate risks as part of developing policy to enable hub and spoke pharmacy models under the Medical Products Bill.
5. Without well-designed regulation, including updated professional guidance and pharmacy workflows, hub and spoke arrangements can increase the risk of miscommunication and unclear accountability, especially if more than one entity is involved. This could result in patient harm, including death. The Ministry's current work on the Medical Products Bill will draw on lessons from the United Kingdom and involves close engagement with the Pharmacy Council, among other stakeholders. This will help mitigate risks.

6. s 9(2)(f)(iv)
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pharmacy stakeholders, it is not clear that there would be any benefits to the sector generally sufficient to justify these risks and costs.

Recommendations

We recommend you:

- a) **Note** that large-scale hub and spoke pharmacy models are effectively not possible under the Medicines Act 1981 **Noted**
- b) **Note** that the Medical Products Bill, planned to be introduced this year, will facilitate hub and spoke arrangements **Noted**
- c) **Note** that the risks associated with hub and spoke arrangements will be addressed during implementation work for the Medical Products Bill **Noted**
- d) s 9(2)(f)(iv) **Noted**

John McGrath
Director Priority Projects
Strategy and Policy
Date: 29 January 2026

Hon Simeon Brown
Minister of Health
Date:

PROACTIVELY RELEASED

Enabling hub and spoke models of pharmacy

Context

- On 4 December 2025, you met with Raviel Singh of Pharmacy Investments Group and Chemist Warehouse. You discussed the hub and spoke model of pharmacy dispensing.

What is hub and spoke dispensing?

- Dispensing is a process involving checking the appropriateness of a prescription, packing the medicine for the patient, and advising the patient about the medicine as needed. Hub and spoke dispensing refers to models of pharmacy dispensing in which prescriptions are sent from 'spoke' pharmacies to centralised 'hub' pharmacies where the medicine is dispensed for the patient, and then sent either directly to the patient, or to the spoke for supply to the patient.
- Hub and spoke dispensing is distinct from remote dispensing, in which the patient or prescriber sends the prescription directly to a pharmacy, which then dispenses the medicine to the patient. Remote dispensing is permitted under the Medicines Act 1981.

Potential benefits and risks

- It is possible that hub and spoke dispensing could improve pharmacy sector efficiency through economies of scale. This is most likely to occur in the larger cities due to the cost of sending medicines from individual prescriptions to pharmacies in less densely populated areas. There may also be benefits for small pharmacies (including in rural areas) from outsourcing some tasks, allowing them more time to focus on customer-focused health services. Economies of scale would also facilitate robotic and other automated packing systems, which could reduce human error (eg, incorrect packing).
- However, because hub and spoke dispensing involves pharmacists in two locations, there is increased risk of miscommunication and unclear accountability. This is particularly the case if the hub dispenses directly to the patient. Failure to communicate clearly with the patient can lead to incorrect medicine use with serious consequences.
- There can also be risks associated with dispensing at scale if there is poor supervision, such as lapses in quality control processes, especially where medicines must be compounded. Without clear legislation that establishes appropriate oversight systems and assigns roles and responsibilities, there is a risk of dispensing errors and harm to patients, including death. Poor practice in a large-scale hub pharmacy would have a bigger impact due to the number of patients involved.

Hub and spoke in other countries

- The United Kingdom allows hub and spoke dispensing, but until 2025 only within a legal entity (as is the case for New Zealand). For example, a pharmacy chain could set up a hub and spoke arrangement if the hub and all spokes were all owned by the same entity. Since October 2025, pharmacies have been allowed to sub-contract elements of dispensing to another pharmacy in a different entity. As of January 2026, no pharmacies have entered such an arrangement.

14. Several European countries, plus Australia and South Africa, allow hub and spoke dispensing, but typically only for supply of 'unit-dose' bags. A unit-dose bag contains all the medicines a patient needs at a specific time, for example, on one morning. Hub pharmacies are allowed to dispense unit-dose bags to patients with stable chronic conditions (in South Africa), and to elderly patients (in some other countries).

New Zealand only enables hub and spoke dispensing within companies

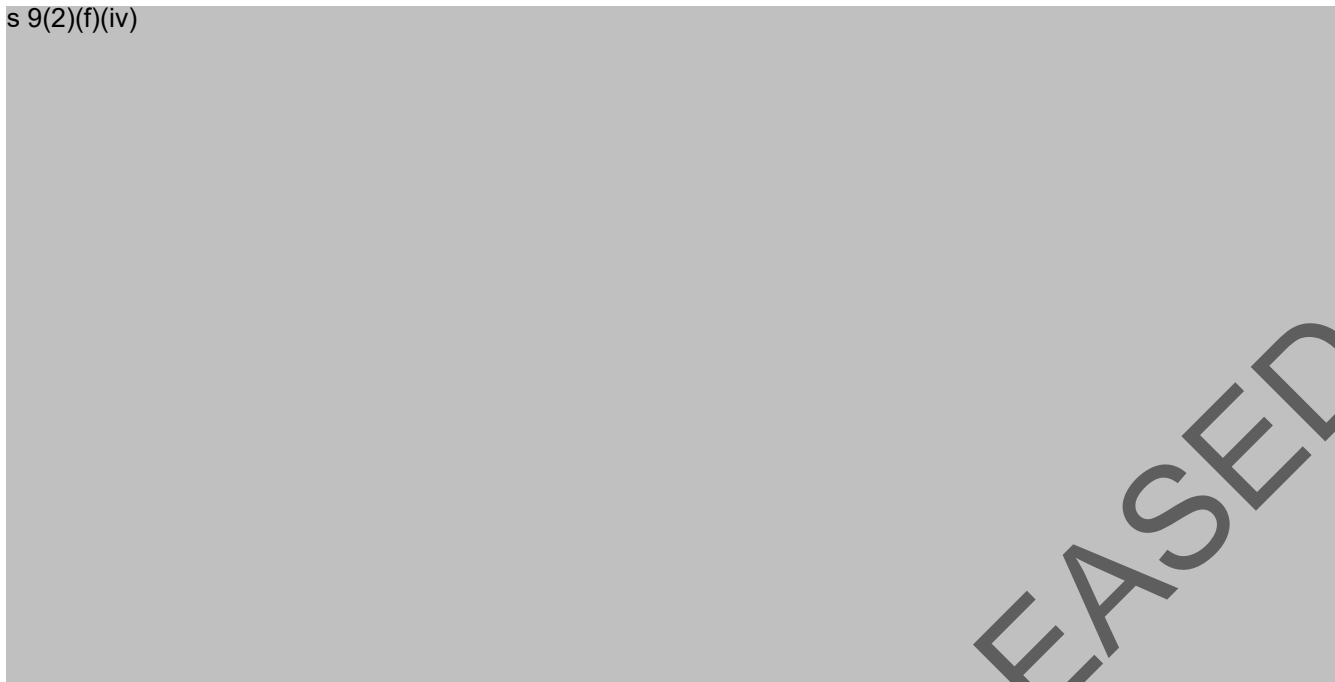
15. The settings under the Medicines Act in New Zealand allow hub and spoke dispensing arrangements within pharmacies operated by the same company, but not between separate companies.
16. Further, the Medicines Act does not allow a company to operate more than five pharmacies. This means it is not possible for hub and spoke models to cover more than five pharmacies, including the hub pharmacy, even if the pharmacies are part of a much larger pharmacy chain. Several pharmacy chains (including Chemist Warehouse) are structured so that each pharmacy is owned by a different legal entity, which means they cannot use hub and spoke models at all.
17. Pharmacy stakeholders generally do not have strong views on hub and spoke models but are likely to support enabling them if patient safety is protected.

The Medical Products Bill will enable hub and spoke more broadly

18. The Medical Products Bill is intended to enable flexibility and innovation while protecting patient safety and professional standards. The Bill is being led by Hon Casey Costello, Associate Minister of Health, who plans for it to be introduced to the House this year.
19. Regulations under the Bill could enable pharmacies to subcontract elements of dispensing to another pharmacy, in a similar way to the United Kingdom. Officials are engaging with regulators in the United Kingdom to learn from implementation of the United Kingdom model, including any unintended consequences and how these could be mitigated.
20. The Medical Products Bill will also facilitate hub and spoke arrangements within companies. Cabinet agreed in 2025 not to carry ownership restrictions on community pharmacies over into the Medical Products Bill [SOU-25-MIN-0101]. Pharmacy chains could consolidate ownership so that all their pharmacies are owned by a single company. This would enable all their pharmacies to use the hub and spoke arrangements without needing to subcontract.

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Equity

24. We do not expect hub and spoke dispensing to have any significant equity impact.

Next steps

25. We can provide you with further advice on your request.

ENDS.

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