



17th June 2005

Wayne McNee
Chief Executive
PHARMAC
P O Box 10254
WELLINGTON

Dear Wayne

Consultation on purchasing of influenza vaccine

In our recent submission regarding the PHARMAC's Operating Policies and Procedures the Researched Medicines Industry Association (RMI) outlined some of the issues and risks involved in sole supply arrangements and we are pleased that PHARMAC is moving to address the particular risks relating to the sole supply of the annual influenza vaccine.

Vaccines by their very nature amplify the inherent risks of limiting purchasing to a single supplier. The manufacturing processes and timeframes for the production of vaccines are such that it can be very difficult to find an alternative supplier at short notice should there be a problem with the sole supply product.

An additional factor with the influenza vaccine is that for each manufacturer it is essentially a new product every season. Production decisions and commitments are therefore dependent on orders from specific markets and this severely limits the ability of suppliers to 'come to the rescue' after orders have been confirmed and production commenced. As such the risks associated with sole supply arrangements are even greater than with other products and are potentially more serious given importance of the vaccine programme to public health.

The RMI therefore believes there is an overwhelming case against sole supply purchase of influenza vaccines. We would also challenge the assumption that a split tender would necessarily result in a significant increase in price as implied in PHARMAC's consultation letter. Dual or multi supplier purchasing by definition generates competitive pricing and PHARMAC can enhance this further by constructing the tender to encourage suppliers to compete for a specified share of the market.

Yours sincerely

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Chief Executive Officer

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