

15 August 2011

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Dear Kyle

Proposal to tender certain pharmaceuticals for sole supply

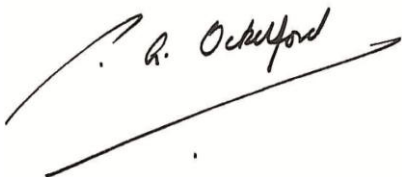
Thank you for the opportunity to comment on the proposal to tender out certain pharmaceuticals for sole supply.

Pharmac has a long and enviable record of achieving value for money in the pharmaceutical spend and we fully support its approach. As such we understand that tendering out sole supply contracts is a very effective way for Pharmac to obtain best value for money.

Having said that we note that there are inherent dangers in contracting for sole supply should there subsequently be a failure in the arrangement. We trust that Pharmac has taken this into account in its request for proposal and either

- Has chosen to not enter into a sole supply arrangement where there is a high risk of harm should the supplier for any reason be unable to supply the pharmaceutical in question of the standard specified, or
- Has well developed contingency plans in place in the event of a sole supply failure.

Yours faithfully



Dr Paul Ockelford
Chair, NZMA