

2 April 2019

Commerce Commission
By email: registrar@comcom.govt.nz

To Whom It May Concern:

GSK/Pfizer's Consumer healthcare business

I am writing in response to the Commission's Statement of Preliminary Issues regarding the proposed acquisition by GSK of Pfizer's consumer healthcare business (dated 20 March 2019). We anticipate you may well be planning to contact PHARMAC directly to discuss this matter as has often occurred with similar applications in the past, but felt it was appropriate to register our interest in further discussion at this stage.

As you will be aware, PHARMAC is the government agency that decides which pharmaceuticals will be listed on the Pharmaceutical Schedule and therefore publicly funded in New Zealand (in the community and/or in public hospitals). As part of this function we also negotiate pricing with suppliers. In 2018-19 we have responsibility for a Combined Pharmaceutical Budget of \$985 million.

We note that the proposed acquisition relates to consumer healthcare products (also known as "over the counter" or "OTC" products), which are products that do not require a prescription from a health practitioner for a consumer to purchase them. When a consumer buys a product in this way they pay the full price, and PHARMAC has no involvement. However, it is important to note that these same products may also be prescribed by a health practitioner in which case, if they are listed on the Pharmaceutical Schedule and meet any relevant criteria, they will be eligible for public subsidy.

Many of the products that would be included in the proposed acquisition are well established medicines that are no longer on patent. As a result, they are the type of products where PHARMAC often harnesses generic competition through our annual tender process in which different suppliers of the same medicinal 'chemical' (but under a different brand name) compete for a listing on the Pharmaceutical Schedule.

Therefore, we are concerned that the proposed acquisition may well reduce the number of competing brands for a range of the pharmaceuticals that we fund. We would be very happy to work with you to get a clearer picture of the extent of this issue; this would require comparison between current product ranges of each supplier compared to the products we currently fund. We could overlay this with information about the number of bids received in recent tender rounds and/or the number of other registered brands in New Zealand (if any).

I would be grateful if you would make contact with Greg Williams (Manager, Procurement and Contracts) at 916 7524 or greg.williams@pharmac.govt.nz to discuss this further.

Yours sincerely



Lisa Williams
Director of Operations