

14 September 2007

**To: Pharmaceutical Suppliers and Interested Parties**

Consultation on:

- Tender of certain pharmaceuticals;
- Draft Invitation to Tender including:
  - a proposal to allow for Alternative Brand Access;
  - the use of an electronic tendering system to submit all Tender Bids; and
- Requests for Alternative Commercial Proposals.

**ALTERNATIVE COMMERCIAL PROPOSAL RESPONSES DUE BY WEDNESDAY 5PM, 10 OCTOBER 2007 AND  
ALL OTHER CONSULTATION RESPONSES BY FRIDAY 5 PM, 26 OCTOBER 2007**

**Attachments**

The following are attached to this letter:

- The pharmaceuticals we are considering tendering for Sole Subsidised Supply to community pharmacies and/or Hospital Supply Status for supply to DHB Hospital pharmacies.
- A copy of the draft Invitation to Tender (the Invitation), which sets out the process to be followed, and the draft contractual requirements which would form the terms of the contract with successful suppliers, in the 2007/08 Tender.

**Comments Sought**

In general, the proposed Tender process would be similar to the 2006/07 Tender. In addition to Alternative Commercial Proposals that are discussed later, we seek comments on the approach outlined in the following pages, in particular the following:

- The proposed process and timetable.
- An indication of any pharmaceuticals, whether or not they are included in Schedule Two, that you would particularly like to have tendered. If you wish, you may provide a non-binding confidential indication of the price or price range that you might be able to offer for a line item or group of line items you wish to have tendered.
- Any comments on the proposed Alternative Brand Access.
- Any comments on the proposed electronic tendering system proposed for submitting all Tender Bid(s) to PHARMAC for the 2007/08 tender.
- Any contractual constraints or patent protection that could restrict PHARMAC from implementing a Tender.
- For Hospital pharmaceuticals what the appropriate Discretionary Variance Limit for each pharmaceutical would be, where a 1% Discretionary Variance Limit is considered clinically unacceptable.

We seek comments on all sections of the draft Invitation. The draft Invitation is based on the format of the Invitation to Tender dated 15 December 2006 for community supply and/or hospital supply.

All feedback received by the deadline may be considered by the Tender Medical Evaluation Subcommittee of PTAC, and would be considered by the PHARMAC Board.

### **Alternative Commercial Proposals**

PHARMAC seeks any Alternative Commercial Proposals (ACPs) to tendering that you may wish to submit by Wednesday 10 October 2007. A proposal could, for example, involve price reductions on one set of pharmaceuticals in return for PHARMAC agreeing to defer tendering on another group of pharmaceuticals for a period. Proposals may include pharmaceuticals not listed in Schedule Two.

Please note the following points with regard to Alternative Commercial Proposals for both the community and DHB Hospital markets:

- Proposals may include more than one line item and may include pharmaceuticals not listed in Schedule Two.
- Proposals may involve PHARMAC agreeing to defer tendering or application of reference pricing as a result of the Tender for a period of no longer than three years for any pharmaceutical, whether or not it is listed in Schedule Two (the draft product list).
- Proposals must not involve PHARMAC agreeing to award Sole Subsidised Supply in the community but may include the awarding of Hospital Supply Status for DHB Hospital pharmaceuticals.
- PHARMAC reserves the right not to accept any proposal, not to provide reasons for the acceptance or non-acceptance of any proposal and to enter into an agreement or arrangement that differs in a material respect from that envisaged in this letter.
- PHARMAC may decide not to consider any proposal that is submitted after **Wednesday 5pm, 10 October 2007**.

### **Draft Invitation to Tender**

PHARMAC is consulting on the terms and conditions of the proposed Invitation to be considered by the PHARMAC Board at its December 2007 meeting. Please find attached a copy of the draft Invitation which PHARMAC proposes all Tender Bids would be subject to, including the terms of supply, if a Tender Bid was accepted by the PHARMAC Board or the Chief Executive under delegated authority.

The draft Invitation is under development and may change before it is taken to the December Board and the final Invitation subsequently issued. PHARMAC is asking for comments on the composition of the draft Invitation. At this stage, but depending on the extent of any further changes, PHARMAC does not intend to send out any further drafts for consultation.

Any feedback regarding the draft Invitation should be received by PHARMAC no later than 5pm, 26 October 2007. Late feedback may not be considered. Consultation feedback received by the due date will be presented to the PHARMAC Board.

The draft Invitation is set out as follows:

- Schedule 1: Definitions and interpretation;
- Schedule 2: Draft list of pharmaceuticals to be tendered (The final pharmaceutical list would be released with the Invitation to Tender following Board approval.)
- Schedule 3: Tender process (for both hospital and community Tenders);
- Schedule 4: Contract terms for Sole Subsidised Supply and/or Hospital Supply Status;
- Schedule 5: Additional contract terms for Sole Subsidised Supply;
- Schedule 6: Additional contract terms for Hospital Supply Status.

The main changes are:

### **Alternative Brand Access**

This year we are also consulting on adding a limited allowance to the contract for PHARMAC to provide funding for alternative brands of pharmaceuticals (called the Alternative Brand Access).

As well as comments on whether funding should be provided for alternative brands as a result of Sole Subsidised Supply, we seek particular consideration of the following questions:

- Should we allow the provision of a subsidy for an alternative brand and, if so, in what circumstances?
- What percentage allowance for alternative brands should be included within individual line items?
- What impact would the changes have on suppliers of pharmaceuticals, and how could any detrimental impacts be managed?

If the contractual allowance for Alternative Brand Access is adopted it would necessarily result in some changes to the manner in which Sole Subsidised Supply operates. There may also be changes to the contractual outcomes of requests for proposals (RFPs) involving Sole Subsidised Supply. A number of RFPs are currently out with suppliers.

### *Background*

It may be desirable, where identified as a need by PTAC (and/or relevant subcommittee), to have greater flexibility under the sole supply policy for people to access other brands when the tender-winning brand is clinically unsuitable. Alternative Brand Access recognises that while most generic products will have established “bioequivalence” to the current market leader, in some circumstances a small number of patients may experience difficulties with the change.

Currently the mechanism available for funding of alternative brands, where one brand holds Sole Subsidised Supply, is through the Community Exceptional Circumstances (CEC) process. Given its specific criteria and purpose, the CEC process typically provides funding for alternative brands very infrequently.

### *Possible mechanism for implementation*

To enable the proposed tender contractual changes to be developed, PHARMAC has considered possible mechanisms to apply an Alternative Brand Access (see

proposed clause 1.3 of Schedule 5 of the Invitation). We are proposing the following mechanism:

- The product list (Schedule 2) would contain an Authorised Allowance which would be the amount of an Alternative Brand of the particular pharmaceutical that could be subsidised without reimbursement to the tender winner for the reduced volume.
- An allowance in the region of 0.2 - 1% may be appropriate (where applied at all), although we welcome other views. PHARMAC would seek advice from PTAC and/or its relevant subcommittee on whether to include an allowance in each case.
- The access to funding for the alternative brand would be through a Special Authority, on an “access by application” basis.
- Applications would be considered by a panel, using the following criteria, or similar:

Evidence is provided by the patient’s doctor that:

- a. The patient was adequately managed on a previously subsidised brand, and the subsidy for that brand is being removed as a result of Sole Subsidised Supply; and
- b. There are no other suitable alternative pharmaceuticals, or all the alternatives (including dose adjustment) have had an adequate trial and failed; and
- c. The Sole Subsidised Supply brand is considered to be unsuitable because of:
  - i. A serious adverse reaction has occurred to the Sole Subsidised Supply brand ; or
  - ii. An excipient in the Sole Subsidised Supply brand that is contraindicated in the patient; or
  - iii. Lack of efficacy or intolerable side effects to the Sole Subsidised Supply brand demonstrated on challenge and re-challenge.

Approvals would not be given for issues related to features of the product that were considered as part of the tender evaluation (e.g. physical features of the product such as flavour, coatings etc.), and would not be given if the issue arose more than 6 months after the initiation of the Sole Subsidised Supply period.

- The funding for an alternative brand would be provided on a “Cost Brand Source” basis, meaning that funding could be provided even if the product had to be sourced from overseas (i.e. if the local supplier had discontinued supply).

### **Electronic Tendering (eTendering) system**

PHARMAC has engaged with a procurement service provider to implement an electronic tendering (eTendering) system for PHARMAC’s annual multi-product tender. The development has been ongoing for sometime and has been tested in a mock tender by several pharmaceutical suppliers for the purposes of checking its functionality and to allow us to make improvements to the initial design.

We consider that an eTender system would be an improvement to the annual multi-product tender. In particular we consider it has the following advantages:

- Ability for PHARMAC to make decisions faster. We note that the need to confirm your Tender Bids after PHARMAC staff have entered these into our database would be eliminated. Confirmation would be electronic with a receipt returned to you on submission of your Tender Bids.
- The Invitation to Tender would be released earlier via email with access to the eTender system at the same time.

- Tender responses would be completely online and could be submitted right up to the Deadline from any location via the Internet.
- Conformity issues would be minimised due to electronic checks prior to submission by suppliers.

We note that the Tender would continue to be a closed Tender with all Tender Bids being held in a secure system by the service provider. The service provider would provide 128 bit http(s) encryption for all Internet sessions and in addition would require you to authenticate yourself using a password.

Should the eTender system be used PHARMAC would ensure sufficient training is provided to you. A user manual would also be available as well as ongoing support.

This system and submission mechanism would replace the current paper based system in its entirety. The draft Invitation includes changes to accommodate for this change.

### **Lead Time**

We propose to amend the Lead Time so that it is clear that the quoted Lead Time means that stock would be available to the market on the 12<sup>th</sup> prior the listing date in the Pharmaceutical Schedule (see proposed definition of Lead Time in clause 1 of Schedule 1 of the Invitation).

### **Financial compensation for breach of DV limits**

PHARMAC proposes to amend the minimum payment required of a DHB that breaches its DV limits, where the national DV limit has been breached, from \$5,000 per tender item to \$1,000 per tender item.

### **Unresolved Tender Bids**

PHARMAC would review any unresolved Tender Bids from the Invitation to Tender dated 22 December 2005 (2005/06 Tender) and the Invitation to Tender dated 15 December 2006 (2006/07 Tender) prior to issuing the 2007/08 Tender. Should any unresolved Tender Bids be declined, PHARMAC would consider re-tendering those pharmaceuticals when the Invitation to Tender is issued in December 2007. Any unresolved Tender Bids have not been included in the draft pharmaceutical list. PHARMAC seeks comments from suppliers that consider that any unresolved Tender Bid(s) should remain open for acceptance.

### **Reference Pricing**

Reference pricing is based on the classification of pharmaceuticals into Therapeutic Subgroups. A Therapeutic Subgroup is defined as a set of pharmaceuticals that produce the same or similar therapeutic effect in treating the same or similar condition(s).

The draft list contains pharmaceuticals that belong in an existing Therapeutic Subgroup. In some cases, PHARMAC may be considering tendering more than one pharmaceutical in a Therapeutic Subgroup. Where this is the case it gives rise to two possible scenarios where:

- 1) It is possible that awarding Sole Subsidised Supply to one pharmaceutical could result in changes to the subsidies for other pharmaceuticals in the same Therapeutic Subgroup.

- 2) Where more than one pharmaceutical in a Therapeutic Subgroup is included on the list, PHARMAC may award Sole Subsidised Supply to each pharmaceutical (and therefore not apply reference pricing in the usual way) or may only award Sole Subsidised Supply to one pharmaceutical and apply reference pricing to the others.

Both scenarios could give rise to new or increased manufacturer surcharges. We ask that you consider any clinical considerations associated with either scenario.

**Key Dates and Timeframes for the 2007/08 Tender:**

<b>Date</b>	<b>Event</b>
<b>September/October 2007</b>	Consultation with suppliers, medical groups and interested parties on the proposed pharmaceutical list and draft Invitation to Tender.
<b>10 October 2007 (5pm)</b>	Final date for receipt of Alternative Commercial Proposals to tendering by PHARMAC.
<b>26 October 2007</b>	Final date for all consultation to be received.
<b>October and November 2007</b>	PHARMAC considers feedback from consultation, negotiates with suppliers over any ACP proposals it considers would meet PHARMAC's Decision Criteria and enters into provisional contracts with suppliers where appropriate.
<b>November 2007</b>	Meeting of the Tender Medical Evaluation Subcommittee of PTAC to consider clinical issues in relation to the proposed Tender list.
<b>November/December 2007</b>	Consultation and Board decisions on Alternative Commercial Proposals.
<b>Late December 2007</b>	Issuing of the 2007/08 Invitation to Tender.
<b>Late February 2008</b>	Invitation to Tender closes.
<b>From April 2008</b>	Board decisions on the first Tender winners announced.
<b>30 June 2011</b>	End of the sole supply period for all pharmaceuticals where a Tender is awarded from the 2007/08 Tender. Terms after the End Date may apply.

Please direct any queries you may have to Mike Bignall (DDI: (04) 9167 562) at PHARMAC for questions in relation to community supply, and Andrew Davies (DDI: (04) 9167 531) for questions in relation to hospital supply.

Yours sincerely

Steffan Crausaz  
Manager, Funding and Procurement

**Attachment:**

***Draft***

***Invitation to Tender***

QQ December 2007

Dear Supplier

**INVITATION TO TENDER – SUPPLY OF PHARMACEUTICALS TO DHB HOSPITALS AND/OR TO COMMUNITY PHARMACIES**

PHARMAC invites tenders for the supply of certain pharmaceuticals to DHB hospitals and/or to community pharmacies in New Zealand.

This invitation to tender incorporates the following schedules:

- (a) Schedule 1 sets out the definitions used in this invitation;
- (b) Schedule 2 specifies the pharmaceuticals for which you may submit a Tender Bid in relation to community supply and/or hospital supply;
- (c) Schedule 3 describes the process PHARMAC intends to follow in relation to this tender, and provides instructions on how to submit a Tender Bid in relation to community supply and/or hospital supply;
- (d) Schedule 4 sets out terms that will apply if your Tender Bid in relation to community and/or hospital supply is awarded Sole Supply Status and/or Hospital Supply Status;
- (e) Schedule 5 sets out the additional terms that will apply if your Tender Bid in relation to community supply is awarded Sole Supply Status; and
- (f) Schedule 6 sets out the additional terms that will apply if your Tender Bid in relation to hospital supply is awarded Hospital Supply Status.

This invitation to tender also incorporates the information on the Electronic Portal referred to in this invitation.

If you wish to submit a Tender Bid in relation to community supply and/or hospital supply, you must submit it via the Electronic Portal to PHARMAC no later than **5pm** (New Zealand time) on **Monday, 25 February 2008**.

If you have any inquiries about this invitation you should contact Mike Bignall at PHARMAC for questions in relation to community supply, and Andrew Davies for questions in relation to hospital supply.

We look forward to receiving your tender.

Yours sincerely

Matthew Brougham  
Acting Chief Executive

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## Schedule 1: Definitions and interpretation

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### 1. Definitions

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In this Invitation:

**Aggregated Tender Bid** means a Tender Bid for more than one Tender Item, which PHARMAC is to consider in aggregate, and can include a Tender Bid for more than one Tender Item of the same Chemical Entity but not aggregation within a single Tender Item;

**Agreement** means:

- (a) Schedule Four; and
- (b) in relation to a Pharmaceutical with Sole Supply Status, Schedule Five; or
- (c) in relation to a Pharmaceutical with Hospital Supply Status, Schedule Six,

and includes, to the extent applicable, the other Schedules and the information on the Electronic Portal comprising the Invitation;

**Alternative Pharmaceutical** means an alternative brand of a Pharmaceutical that PHARMAC, following consultation with HPAC, or PTAC or its sub-committees, considers to be an acceptable substitute for that Pharmaceutical;

**Back-up Supply Agreement** means an alternative agreement or arrangement negotiated by PHARMAC, at its sole discretion, with a supplier other than the supplier with Sole Supply Status and/or Hospital Supply Status in respect of a particular Tender Item, to cover the contingency that Sole Supply Status and/or Hospital Supply Status is suspended or withdrawn under the terms of this Agreement in respect of that Tender Item, or that the Tender Item is otherwise out of stock or unavailable for supply;

**Chemical Entity** means any pharmaceutical that contains, and is described generically according to, the relevant active ingredient specified in Schedule Two and the Electronic Portal;

**Combined Community/Hospital Tender Bid** means a Community Tender Bid and a Hospital Tender Bid that you submit in combination for the same Tender Item;

**Community Tender Bid** means a Tender Bid in relation to community supply;

**Confidential Information** means all information exchanged between us under this Invitation or in relation to your Tender Bid, including during all negotiations relating to your Tender Bid;

**Consents** means all consents, permits, licences and authorisations, whether statutory or otherwise, required for the supply of the Tender Item in New Zealand (including Ministry of Health market approval);

**Contract Manufacturer** means a manufacturer or a supplier that is a party to a contract with the relevant DHB Hospital to compound Pharmaceuticals, on request from that DHB Hospital;

**Crown Direction** means any ministerial direction given to PHARMAC under section 103 of the Crown Entities Act 2004;

**Deadline** means 5 pm Monday, 25 February 2008 (New Zealand time);

## Schedule 1

**Designated Delivery Point** means at a DHB Hospital's discretion:

- (a) a delivery point agreed between you and the relevant DHB Hospital, to which delivery point you must supply the Pharmaceutical directly at the Price; and/or
- (b) any delivery point designated by the relevant DHB Hospital or PHARMAC, such delivery point being within 30km of your national distribution centre;

**DHB Hospital** means a DHB, including its hospital or associated provider unit for which that DHB purchases pharmaceuticals;

**District Health Board (or DHB)** has the same meaning as in the New Zealand Public Health and Disability Act 2000;

**DV Limit** means, for a particular Pharmaceutical, the National DV Limit or the Individual DV Limit;

**DV Pharmaceutical** means a discretionary variance Pharmaceutical, being an Alternative Pharmaceutical that does not have Hospital Supply Status, and includes a pharmaceutical which (unless PHARMAC specifies otherwise in Schedule Two of this Agreement and the Electronic Portal, or we agree otherwise in writing):

- (a) is listed as a DV Pharmaceutical, in association with the relevant Pharmaceutical having Hospital Supply Status, in the then current Section H of the Pharmaceutical Schedule; or
- (b) is the same Chemical Entity, at the same strength, and in the same or a similar presentation or form, as the relevant Pharmaceutical with Hospital Supply Status, but which is not yet listed as a DV Pharmaceutical.

For the avoidance of doubt, a pharmaceutical which:

- (c) is a different Chemical Entity from the Pharmaceutical with Hospital Supply Status; and
- (d) is not listed as a DV Pharmaceutical in the then current Section H of the Pharmaceutical Schedule,

is not a DV Pharmaceutical;

**Electronic Portal** means the electronic tender system available via the internet address provided to you by PHARMAC through which you are required to submit your Tender Bid(s);

**End Date** means the last day of the Hospital Supply Status Period, or Sole Supply Period, as applicable;

**Evaluation Committee** means a committee established by PHARMAC to evaluate Tender Bids;

**Final Transition Period** means, in respect of a Pharmaceutical with Sole Supply Status or Hospital Supply Status, as applicable, the period of three calendar months beginning on the day after the relevant End Date;

**First Transition Period** means, in respect of a Pharmaceutical with Sole Supply Status or Hospital Supply Status, the period beginning on the first day of the month following the Market Notification Date and ending on the last day of the month following the month in which the Start Date occurs (or such different or longer period as PHARMAC determines under clause 1.2 of Schedule Three);

## Schedule 1

**Funder** means the body or bodies responsible, pursuant to the New Zealand Public Health and Disability Act 2000, for the funding of pharmaceuticals listed on the Pharmaceutical Schedule (which may be, without limitation, one or more District Health Boards and/or the Ministry of Health) and their successors;

**Hospital Supply Status** means the status of being the brand of the relevant Pharmaceutical listed in Section H of the Pharmaceutical Schedule as having such status, which Pharmaceutical DHB Hospitals must purchase, subject to any DV Limit for that Pharmaceutical, for the Hospital Supply Status Period;

**Hospital Supply Status Period** means the period beginning on the day after the end of the First Transition Period and ending on 30 June 2011;

**Hospital Tender Bid** means a Tender Bid in relation to Hospital Supply;

**HPAC** means the Hospital Pharmaceutical Advisory Committee;

**Individual DV Limit** means, for:

- (a) a particular Pharmaceutical; and
- (b) a particular DHB Hospital,

the discretionary variance limit, being a percentage of the Individual Total Market Volume, which equals the percentage of the National DV Limit for that Pharmaceutical, up to which that DHB Hospital may purchase DV Pharmaceuticals of that Pharmaceutical. The Individual DV Limit is set:

- (c) for the number of months during which the Hospital Supply Status Period applies during the period ending on 30 June 2009; and
- (d) for the respective 12 month periods ending on 30 June 2010 and 2011;

**Individual Total Market Volume** means for:

- (a) a particular Pharmaceutical; and
- (b) a particular DHB Hospital,

in any given period, in accordance with data available to PHARMAC, the sum of:

- (c) the total number of Units of the relevant Pharmaceutical with Hospital Supply Status purchased by the relevant DHB Hospital; and
- (d) the total number of Units of all the relevant DV Pharmaceuticals, listed in Section H in association with that Pharmaceutical, purchased by that DHB Hospital;

**Invitation** means this invitation to tender and includes the cover letter, each of the Schedules and the information on the Electronic Portal referred to in this invitation;

**Lead Time** means the number of months (being whole months only) indicated on your Tender Bid that, if your Tender Bid is accepted, you would require following the Successful Tenderer Notification Date in order to source sufficient stock of your brand of the Tender Item to meet the market demand for the Tender Item as at the Start Date. For the avoidance of doubt, the Lead Time does not affect, and should incorporate the extra time needed to allow for, your obligations in clause 3.1 of Schedule 5 and clause 3.1 of Schedule 6 to have stock of the Pharmaceutical available for supply or sale, and supply or sell the Pharmaceutical, at the Price from the 12<sup>th</sup> day of the month prior to the Start Date;

## Schedule 1

**Market Notification Date** means the date on which PHARMAC notifies the market that your Tender Bid, in respect of a particular Tender Item, has been accepted, being greater than one month prior to the Start Date;

**National DV Limit** means, for a particular Pharmaceutical, the discretionary variance limit, being the specified percentage of the National Total Market Volume up to which all DHB Hospitals may collectively purchase DV Pharmaceuticals of that Pharmaceutical. The National DV Limit is set for DHB Hospitals nationally:

- (a) for the number of months during which the Hospital Supply Status Period applies during the period ending on 30 June 2009; and
- (b) for the respective 12 month periods ending on 30 June 2010 and 2011;

**National Total Market Volume** means, for a particular Pharmaceutical in any given period, in accordance with data available to PHARMAC, the sum of:

- (a) the total number of Units of the relevant Pharmaceutical with Hospital Supply Status purchased by all DHB Hospitals; and
- (b) the total number of Units of all the relevant DV Pharmaceuticals, listed in Section H in association with that Pharmaceutical, purchased by all DHB Hospitals;

**Offer Letter** means the letter of offer which must be attached to your Tender Submission Form, in the form set out in the Electronic Portal;

**OPPs** means PHARMAC's then current Operating Policies and Procedures and any relevant supplements, as applicable;

**PCT** means a Tender Item for which a "PCT" is indicated in the list in clause 2 of Schedule Two and the Electronic Portal;

**Pharmaceutical** means the relevant Tender Item for which you have submitted, and PHARMAC has accepted on behalf of the Funder, a Tender Bid;

**Pharmacode** means the unique six or seven digit identifier assigned to a pharmaceutical and notified to you by the Pharmacy Guild;

**Potential Out-of-Stock Event** means:

- (a) in relation to community or hospital supply, your stock of the Pharmaceutical in New Zealand falls below two-thirds of your most recent three months' total Unit sales of the Tender Item; or
- (b) in relation to community or hospital supply, forecast sales demand in respect of the next two-month period is greater than your stock of the Pharmaceutical; or
- (c) in relation to hospital supply, your stock of the Pharmaceutical in New Zealand falls below the average volume of stock of the Pharmaceutical required to supply the entire New Zealand DHB Hospital market for the Pharmaceutical for any given two-month period; or
- (d) in relation to community supply, your stock of the Pharmaceutical in New Zealand falls below one-sixth of the Unit Volume; or
- (e) in relation to community or hospital supply, your stock of the Pharmaceutical in New Zealand is insufficient to enable you to fully fill all orders as they are received (without restricting quantities that may be ordered).

## Schedule 1

For the avoidance of doubt, references to your stock refer to stock physically held by you or on your behalf in New Zealand and do not include stock held in New Zealand by wholesalers or other parties;

**Price** means the price (in New Zealand dollars and exclusive of GST) at which the Pharmaceutical is to be supplied, or made available for sale and supply, by you to:

- (a) in relation to community supply, wholesalers and other such distributors, and at which the Pharmaceutical is to be subsidised by the Funder, being the price specified in your successful Tender Submission Form, unless there has been a subsequent price change in accordance with the terms of the Invitation, in which case the Price will be the price notified to you by PHARMAC upon acceptance of your Tender Bid; or
- (b) in relation to hospital supply, at a DHB Hospital's discretion, any Designated Delivery Points, and/or Contract Manufacturers (expressly for the purpose of compounding), being the price specified in your successful Tender Submission Form, unless there has been a subsequent price change in accordance with the terms of the Invitation, in which case the Price will be the price notified to you by PHARMAC upon acceptance of your Tender Bid;

**PTAC** means the Pharmacology and Therapeutics Advisory Committee;

**Second Transition Period** means, in relation to community supply, the period of three calendar months beginning on the day after the expiry of the First Transition Period (or such different or longer period as PHARMAC determines under clause 1.2 of Schedule Three);

**Section B** means the relevant section or sections of the Pharmaceutical Schedule relating to community pharmaceuticals;

**Section H** means the relevant section or sections of the Pharmaceutical Schedule relating to hospital pharmaceuticals;

**Sole Supply Period** means the period beginning on the day after the expiry of the Second Transition Period and ending on 30 June 2011;

**Sole Supply Status** means, in relation to community supply, the status of being the sole subsidised supplier of the particular Tender Item for the Sole Supply Period, subject to any Alternative Brand Access for that Tender Item;

**Start Date** means:

- (a) in relation to a Tender Item for which your Tender Bid has been accepted unconditionally, the first day of the month following the date that represents: (i) the Successful Tenderer Notification Date; plus
  - (ii) the Lead Time; or
- (b) in relation to a Tender Item for which your Tender Bid has received conditional acceptance, in terms of clause 7.4 of Schedule Three, the first day of the month following the date that represents:
  - (i) the date that such acceptance ceases to be conditional; plus
  - (ii) the Lead Time; or
- (c) such other date that is negotiated between you and PHARMAC under clause 1.6 of Schedule Three;

## Schedule 1

**Successful Tenderer Notification Date** means the date on which PHARMAC notifies you, in relation to a Tender Item for which you have submitted a Tender Bid, that your Tender Bid has been accepted;

**Tender Bid** means the Offer Letter together with the Tender Submission Form submitted through the Electronic Portal for a particular Tender Item, including the Lead Time, and includes a Community Tender Bid, a Hospital Tender Bid and a Combined Community/Hospital Tender Bid;

**Tender Item** means the form and strength of a Chemical Entity (or entities, if applicable) for which you may submit a Tender Bid;

**Tender Submission Form** means the form on which you must submit your bid for each Tender Item, as set out in the Electronic Portal;

**Transition Periods** collectively refers to the First, and Second (if applicable), and Final Transition Periods;

**Unit** means an individual unit of a Tender Item (e.g. tablet, 1 ml of an oral liquid, ampoule, syringe);

**Unit Price** means the relevant Price specified for a pack of that Tender Item in Section H of the Pharmaceutical Schedule, divided by the number of Units in the pack specified in the Pharmaceutical Schedule as being the listed pack size for that Tender Item (and where that Tender Item is not listed on the Pharmaceutical Schedule, the price and pack size in the most recent issue of the Pharmaceutical Schedule published prior to that Tender Item being delisted);

**Unit Subsidy** means the subsidy specified for a pack of that Tender Item in sections A to G of the Pharmaceutical Schedule, divided by the number of Units in the pack specified in the Pharmaceutical Schedule as being the subsidised pack size for that Tender Item (and where that Tender Item is not listed on the Pharmaceutical Schedule, the subsidy and pack size specified in the most recent issue of the Pharmaceutical Schedule published prior to that Tender Item being delisted); and

**Unit Volume** means, in relation to community supply, the approximate number of Units of the Tender Item subsidised by PHARMAC, and claimed for by community pharmacies, in one year, as specified in Schedule Two and the Electronic Portal.

## 2. Interpretation

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In the construction of this Invitation, unless the context otherwise requires:

- (a) a reference to a clause or a Schedule is a reference to a clause of, or a Schedule to, this Invitation;
- (b) a reference to a statute or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them (whether before or after the date of this Agreement);
- (c) the singular includes the plural and vice versa;
- (d) the word person includes an individual, a body corporate, an association of persons (whether corporate or not), a trust, a state and an agency of state, in each case, whether or not having a separate legal personality;
- (e) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes, (including, but not limited to, persons taking by novation) and permitted assignees;

## Schedule 1

- (f) words importing one gender include the other genders;
- (g) headings in this Agreement or in the Electronic Portal are for convenience only and have no legal effect; and
- (h) unless the context requires otherwise, references to the **“listing”** of a Pharmaceutical:
  - (i) in relation to hospital supply, are to the listing of that Pharmaceutical in Section H of the Pharmaceutical Schedule and are deemed to include any written notification by PHARMAC of that Pharmaceutical being the subject of a national supply contract negotiated by PHARMAC on behalf of DHBs, where such written notification is in advance of the actual listing of that Pharmaceutical in Section H of the Pharmaceutical Schedule (and references to “list”, “listed”, “delist”, “delisted”, and “delisting” are to be interpreted accordingly);
  - (ii) in relation to community supply, are to the actual listing of that Pharmaceutical in sections A to G of the Pharmaceutical Schedule (and references to “list”, “listed”, “delist”, “delisted”, and “delisting” are to be interpreted accordingly).

## Schedule 2: Products to be tendered

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### 1. Information about Tender Items

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#### 1.1 List of Tender Items

This Schedule sets out the Tender Items and information about the Tender Items. While PHARMAC has taken all reasonable care in preparing the information contained in this Schedule, it accepts no liability for any errors or omissions in the information.

#### 1.2 Patents

- (a) Where possible, PHARMAC has identified Tender Items that it understands may be the subject of a patent that it believes is due to expire after the Deadline.
- (b) Where PHARMAC has been advised of the existence of a process patent prior to sending out this Invitation, it has shown this in the attached list by the use of a + symbol and in the market dynamics pop-up window in the Electronic Portal.
- (c) However, PHARMAC makes no representation as to the patent status of the Tender Items and accepts no liability for any patent infringement that might occur as a result of this tender process or PHARMAC's acceptance of a Tender Bid, including infringement of process patents.

#### 1.3 Unit Volume and market value figures

- (a) Except where indicated otherwise the Unit Volume figures, in relation to community supply, are based on the year ending 30 June 2007.
- (b) Market value figures, in relation to community supply, are expressed as the Unit Volume in the year ending 30 June 2007, multiplied by the Unit Subsidy as at 1 September 2007.
- (c) The figures referred to in paragraphs (a) and (b):
  - (i) are approximate and indicative only. PHARMAC makes no representation as to the accuracy of these figures or as to the level of sales or likely sales of any Tender Item. In particular, if these figures change at any time during the period from PHARMAC's pre-tender consultation until decisions have been made about the acceptance of Tender Bids for all Tender Items, PHARMAC is not obliged to notify you of any such change; and
  - (ii) do not include DHB Hospital volumes. For the avoidance of doubt, PHARMAC makes no representation as to the size of the DHB Hospital market for any Tender Item, in relation to hospital supply.
- (d) You acknowledge and agree that in submitting your Tender Bid you will rely on your own knowledge, skill and independent advice or assessment of the market size for any Tender Item and PHARMAC is to have no liability in that regard.

#### 1.4 Special terms

Where there are any special terms relating to a particular Tender Item, those terms are indicated in the column entitled "Comments" in the list.

## Schedule 2

### 1.5 Subsidies

- (a) The level at which each Tender Item, in relation to community supply, is specified in the attached list as being subsidised per Unit is as at 1 September 2007.
- (b) Subsidies of Tender Items, in relation to community supply, may change before a Tender Bid is accepted.
- (c) Where a \* symbol is indicated next to the Unit Subsidy in the attached list, there is no fully funded product available, in relation to community supply, for that Tender Item as at 1 September 2007. This information is also shown in the market dynamics pop-up window in the Electronic Portal.

### 1.6 DV Limits

Where there is a DV Limit relating to a particular Tender Item, in relation to hospital supply, that limit is indicated as a percentage amount in the column entitled "DV Limit" in the attached list and is also shown in the market dynamics pop-up window in the Electronic Portal.

### 1.7 Tender Items subject to sole supply arrangements

Where a Tender Item is underlined in the list of products below, that item is subject to a sole supply contract as at the date of this Invitation. Accordingly, the subsidy for those items is fixed until 30 June 2008 (unless otherwise indicated) and, for items that are the subject of a sole supply contract, the listing of a new brand, in relation to community supply, could only occur after that date. This information is not available in the Electronic Portal.

### 1.8 Hospital only products

Where an H is indicated, you may submit a Tender Bid for Hospital Supply Status for that Tender Item.

### 1.9 Community only Products

Where a C is indicated, you may submit a Tender Bid for Sole Supply Status for that Tender Item.

### 1.10 Community and Hospital Products

Where a C and an H is indicated, you may submit a Tender Bid for Sole Supply Status and/or a Tender Bid for Hospital Supply Status for that Tender Item. You may also submit a Combined Community/Hospital Tender Bid in accordance with clause 2.5 of Schedule Three.

### 1.11 PCTs

Where a "PCT" is indicated, you may submit a Tender Bid for Hospital Supply Status for that Tender Item on the basis that, if PHARMAC accepts your Tender Bid, the Tender Item would be listed in Section H of the Pharmaceutical Schedule subject to clause 11 of Schedule Six. This information is also shown in the market dynamics pop-up window in the Electronic Portal.

### 1.12 Capsule and tablet form

Where a Tender Item specifies either:

- (a) a capsule; or
- (b) a tablet,

## Schedule 2

form of the Chemical Entity, your brand of the relevant Chemical Entity for which you submit a bid may be in either tablet or capsule form, provided that:

- (c) your brand of the relevant Chemical Entity is the same strength as the Tender Item; and
- (d) where the Tender Item specifies both the tablet and capsule form of that Chemical Entity as separate line items, you must submit a bid for the same form and strength as each line item in that Tender Item.

### 1.13 Pack size for use in DHB Hospitals

Where a Tender Item is specified as being available for a Tender Bid for Hospital Supply Status, it is the preference of DHB Hospitals that the pack size for such a Tender Item is:

- (a) 500 ml or less, where the Tender Item is in liquid form;
- (b) 200 tablets or capsules, where the Tender Item is in tablet or capsule form; and
- (c) 10 injections, where the Tender Item is in injection form.

Notwithstanding the preference of DHB Hospitals for Tender Items to be in pack sizes as specified in paragraphs (a) to (c) above, you may submit, and PHARMAC will consider and may accept, a Tender Bid for any pack size, including larger pack sizes, following its evaluation of Tender Bids under clause 5 of Schedule Three.

### 1.14 Pack size for oral contraceptives

Where an oral contraceptive is included in Schedule Two and on the Electronic Portal, 21 and 28 calendar packs would be considered as different Tender Items (where applicable).

**SCHEDULE TWO: PRODUCTS TO BE TENDERED (DRAFT)**

<b>Chemical Name</b>							
<b>Line Item</b>	<b>Units</b>	<b>Cost</b>	<b>Unit Subsidy</b>		<b>DV Limit</b>	<b>Comments</b>	
<b>Acarbose</b>							
Tab 50 mg	475,805	\$116,287	\$0.2444		C H 1%		
Tab 100 mg	168,940	\$58,183	\$0.3444		C H 1%		
<b>Acetazolamide</b>							
Sodium inj 500 mg					C H 1%	Not currently listed in the Pharmaceutical Schedule	
<u>Tab 250 mg</u>	338,087	\$29,583	\$0.0875		C H 1%		
<b>Acetylcysteine</b>							
Inj 200 mg per ml, 10 ml	388	\$5,318	\$13.7060 *		C H 1%		
<b>Aciclovir</b>							
Eye oint 3%	19,808	\$165,199	\$8.3400		C H 1%		
<b>Acipimox</b>							
<u>Cap 250 mg</u>	227,496	\$142,185	\$0.6250		C H 1%		
<b>Acitretin</b>							
<u>Cap 10 mg</u>	263,457	\$249,626	\$0.9475		C H 1%		
<u>Cap 25 mg</u>	81,678	\$166,378	\$2.0370		C H 1%		
<b>Alfacalcidol</b>							
Cap 0.25 mcg	159,315	\$41,932	\$0.2632		C H 1%		
Cap 1 mcg	41,315	\$36,349	\$0.8798		C H 1%		
Oral drops 2 mcg per ml	7,125	\$21,617	\$3.0340		C H 1%		
<b>Allopurinol</b>							
<u>Tab 100 mg</u>	11,110,012	\$254,419	\$0.0229		C H 1%		
<u>Tab 300 mg</u>	7,898,573	\$334,899	\$0.0424		C H 1%		
<b>Amantadine Hydrochloride</b>							
Cap 100 mg	423,125	\$337,146	\$0.7968		C H 1%		
<b>Aminophylline</b>							
Inj 25 mg per ml, 10 ml	4,134	\$10,616	\$2.5680		C H 1%		
<b>Amiodarone Hydrochloride</b>							
Inj 50 mg per ml, 3 ml	3,045	\$18,526	\$6.0840		C H 1%		
<b>Amisulpride</b>							
Tab 50 mg					C H 1%	Not currently listed on the Pharmaceutical Schedule	
Tab 100 mg					C H 1%	Not currently listed on the Pharmaceutical Schedule	
Tab 200 mg					C H 1%	Not currently listed on the Pharmaceutical Schedule	
Tab 400 mg					C H 1%	Not currently listed on the Pharmaceutical Schedule	
<b>Amitriptyline</b>							
<u>Tab 10 mg</u>	13,117,576	\$393,527	\$0.0300		C H 1%		
<u>Tab 25 mg</u>	7,489,485	\$254,642	\$0.0340		C H 1%		
<u>Tab 50 mg</u>	1,904,738	\$99,046	\$0.0520		C H 1%		
<b>Amlodipine</b>							
Tab 2.5 mg					C H 1%	Not currently listed on the Pharmaceutical Schedule	
<u>Tab 5 mg</u>	2,136,658	\$559,163	\$0.2617		C H 1%		
<u>Tab 10 mg</u>	773,076	\$350,435	\$0.4533		C H 1%		

**SCHEDULE TWO: PRODUCTS TO BE TENDERED (DRAFT)**

<b>Chemical Name</b>	<b>Units</b>	<b>Cost</b>	<b>Unit Subsidy</b>	<b>DV Limit</b>	<b>Comments</b>
<b>Line Item</b>					
<b>Amoxicillin</b>					
Drops 125 mg per 1.25 ml	266,390	\$96,566	\$0.3625	C H	1%
<u>Inj 250 mg</u>	714	\$902	\$1.2640	C H	1%
<u>Inj 500 mg</u>	1,884	\$2,724	\$1.4460	C H	1%
<u>Inj 1 g</u>	9,037	\$19,881	\$2.2000	C H	1%
<b>Amoxicillin Clavulanate</b>					
Grans for oral liq amoxicillin 125 mg with potassium clavulanate 31.25 mg per 5 ml	13,450,940	\$369,901	\$0.0275	C H	1%
Grans for oral liq amoxicillin 250 mg with potassium clavulanate 62.5 mg per 5 ml	16,854,482	\$800,588	\$0.0475	C H	1%
Tab amoxicillin 500 mg with potassium clavulanate 125 mg	14,266,399	\$4,565,248	\$0.3200	C H	1%
<b>Amphotericin B</b>					
Lozenges 10 mg	281,820	\$82,573	\$0.2930	C H	1%
Oral liq 100 mg per ml				C H	1% Not currently listed in the Pharmaceutical Schedule
<b>Anastrozole</b>					
Tab 1 mg	713,664	\$3,484,108	\$4.8820 * +	C H	1%
<b>Aprotinin</b>					
Inj 10,000 mcg per ml, 50 ml	343	\$21,815	\$63.6000 *	C H	1%
Inj 10,000 mcg per ml, 100 ml				C H	1% Not currently listed in the Pharmaceutical Schedule
Inj 10,000 mcg per ml, 200 ml				C H	1% Not currently listed in the Pharmaceutical Schedule
<b>Aqueous Cream</b>					
Crm (100 g or less)				C H	1% This pack size is not currently listed in Section B of the Pharmaceutical Schedule
<u>Crm (greater than 100 g)</u>	115,023,572	\$540,611	\$0.0047	C H	1%
<b>Atropine Sulphate</b>					
<u>Eye drops 1%</u>	74,531	\$19,922	\$0.2673	C H	1%
<b>Auranofin</b>					
Tab 3 mg	13,022	\$14,973	\$1.1498 *	C H	1%
<b>Azathioprine</b>					
Inj 50 mg			\$46.3300 *	C H	1%
<b>Bendrofluazide</b>					
Tab 1.25 mg				C H	1% Not currently listed on the Pharmaceutical Schedule
Tab 2.5 mg	29,720,783	\$802,461	\$0.0270	C H	1%
Tab 5 mg	3,516,135	\$151,194	\$0.0430	C H	1%
<b>Benzotropine Mesylate</b>					
Tab 2 mg	967,710	\$116,899	\$0.1208	C H	1%
<b>Benzylpenicillin Sodium (Penicillin G)</b>					
Inj 600 mg	12,573	\$8,789	\$0.6990	C H	1%
<b>Betamethasone Valerate</b>					
<u>Crm 0.1%</u>	4,498,594	\$152,952	\$0.0340	C H	1%
Lotn 0.1%	219,295	\$44,078	\$0.2010	C H	1%
<u>Oint 0.1%</u>	1,436,315	\$48,835	\$0.0340	C H	1%

**SCHEDULE TWO: PRODUCTS TO BE TENDERED (DRAFT)**

<b>Chemical Name</b>								
<b>Line Item</b>	<b>Units</b>	<b>Cost</b>	<b>Unit Subsidy</b>		<b>DV Limit</b>	<b>Comments</b>		
<b>Betamethasone Valerate with Clioquinol</b>								
Crn 0.1% with clioquinol 3%	112,480	\$26,174	\$0.2327	*	C H	1%		
Oint 0.1% with clioquinol 3%	38,883	\$9,048	\$0.2327	*	C H	1%		
<b>Betamethasone Valerate with Fusidic Acid</b>								
Crn 0.1% with fusidic acid 2%	432,227	\$100,579	\$0.2327	*	C H	1%		
<b>Betaxolol Hydrochloride</b>								
Eye drops 0.25%	84,599	\$199,654	\$2.3600		C H	1%		
Eye drops 0.5%	10,486	\$15,729	\$1.5000		C H	1%		
<b>Bezafibrate</b>								
<u>Tab 200 mg</u>	1,552,178	\$151,803	\$0.0978		C H	1%		
<b>Bimatoprost</b>								
Eye Drops 0.03%	75,320	\$489,580	\$6.5000		C H	1%		
<b>Bleomycin sulphate</b>								
<u>Inj 15,000 iu</u>					H PCT	1%		
<b>Brimonidine tartrate</b>								
<u>Eye Drops 0.2%</u>	137,809	\$246,678	\$1.7900		C H	1%		
<b>Brinzolamide</b>								
Eye Drops 1%	110,115	\$215,165	\$1.9540		C H	1%		
<b>Bromocriptine Mesylate</b>								
<u>Tab 2.5 mg</u>	351,803	\$112,858	\$0.3208		C H	1%		
<u>Tab 10 mg</u>	41,602	\$50,280	\$1.2086		C H	1%		
<b>Budesonide</b>								
Cap 3 mg	43,445	\$80,373	\$1.8500		C H	1%		
Metered aqueous nasal spray, 50 mcg per dose	4,652,037	\$54,894	\$0.0118	*	C H	1%		
Metered aqueous nasal spray, 100 mcg per dose	23,644,628	\$307,380	\$0.0130	*	C H	1%		
<b>Bumetanide</b>								
Inj 500 mcg per ml, 4 ml			\$1.5900		C H	1%		
Tab 1 mg	702,728	\$114,966	\$0.1636		C H	1%		
<b>Bupivacaine Hydrochloride with Adrenaline</b>								
Inj 0.25% with 1:400,000 of adrenaline, 10 ml					H	1%		
Inj 0.25% with 1:400,000 of adrenaline, 20 ml					H	1%		
Inj 0.5% with 1:200,000 of adrenaline, 10 ml					H	1%		
Inj 0.5% with 1:200,000 of adrenaline, 20 ml					H	1%		
<b>Bupivacaine Hydrochloride with Fentanyl</b>								
<u>Inj 0.125% with 2 mcg fentanyl per ml, 15 ml</u>					H	1%		
<u>Inj 0.125% with 2 mcg fentanyl per ml, 20 ml</u>					H	1%		
<u>Inf 0.125% with 2 mcg fentanyl per ml, 100 ml</u>					H	1%		
<u>Inf 0.125% with 2 mcg fentanyl per ml, 200 ml</u>					H	1%		
<b>Cabergoline</b>								
Tab 0.5 mg	68,070	\$893,759	\$13.1300		C H	1%		
<b>Calcipotriol</b>								
Crn 50 mcg per g (pack size 30 g or less)	1,339,336	\$1,001,823	\$0.7480		C H	1%	Volume is aggregated for all pack sizes of calcipotriol cream	
Crn 50 mcg per g (pack size greater than 30 g)	1,339,336	\$1,001,823	\$0.7480		C H	1%	Volume is aggregated for all pack sizes of calcipotriol cream	

**SCHEDULE TWO: PRODUCTS TO BE TENDERED (DRAFT)**

<b>Chemical Name</b>							
<b>Line Item</b>	<b>Units</b>	<b>Cost</b>	<b>Unit Subsidy</b>		<b>DV Limit</b>	<b>Comments</b>	
<b>Calcipotriol</b>							
Oint 50 mcg per g (pack size 30 g or less)	1,509,702	\$1,129,257	\$0.7480	C H	1%	Volume is aggregated for all pack sizes of calcipotriol ointment	
Oint 50 mcg per g (pack size greater than 30 g)	1,509,702	\$1,129,257	\$0.7480	C H	1%	Volume is aggregated for all pack sizes of calcipotriol ointment	
Soln 50 mcg per ml (pack size 30 ml or less)	340,124	\$254,753	\$0.7490	C H	1%	Volume is aggregated for all pack sizes of calcipotriol solution	
Soln 50 mcg per ml (pack size greater than 30 ml)	340,124	\$254,753	\$0.7490	C H	1%	Volume is aggregated for all pack sizes of calcipotriol solution	
<b>Calcitonin</b>							
Inj 100 iu per ml, 1 ml	690	\$13,800	\$20.0000	C H	1%		
<b>Calcium</b>							
<u>Eff tab 1 g</u>	3,300,309	\$821,777	\$0.2490	C H	1%	Additional additives would be considered. Dose range of 1 g of elemental calcium is required	
<b>Calcium Carbonate</b>							
<u>Tab 1.25 g</u>	32,067,230	\$1,176,867	\$0.0367	C H	1%		
<u>Tab 1.5 g</u>	5,095,250	\$210,434	\$0.0413	C H	1%		
<b>Calcium Carbonate with Aminoacetic Acid</b>							
Tab 420 mg with aminoacetic acid 180 mg	1,359,384	\$40,782	\$0.0300 *	C H	1%		
<b>Calcium Folate</b>							
Inj 3 mg			\$3.4200	C H PCT	1%		
<u>Inj 50 mg</u>	125	\$950	\$7.6000	C H PCT	1%		
<u>Inj 100 mg</u>				H PCT	1%		
<u>Inj 300 mg</u>				H PCT	1%		
<u>Inj 1 g</u>				H PCT	1%		
Tab 15 mg	1,735	\$11,085	\$6.3890	C H PCT	1%		
<b>Calcium Gluconate</b>							
Inj 10%, 10 ml	1,225	\$2,621	\$2.1398	C H	1%		
<b>Calcium Polystyrene Sulphonate</b>							
Powder	441,197	\$249,806	\$0.5662	C H	1%		
<b>Carbimazole</b>							
Tab 5 mg	2,364,515	\$255,368	\$0.1080	C H	1%		
<b>Cefazolin Sodium</b>							
<u>Inj 500 mg</u>	1,767	\$2,403	\$1.3600	C H	1%		
<u>Inj 1 g</u>	5,298	\$9,854	\$1.8600	C H	1%		
<b>Cefepime hydrochloride</b>							
<u>Inj 1 g, 15 ml</u>				H	1%		
<u>Inj 2 g, 77 ml</u>				H	1%		
<b>Cefotaxime</b>							
<u>Inj 500 mg</u>				H	1%		
<u>Inj 1 g</u>				H	1%		
Inj 2 g				H	1%		
<b>Cefoxitin Sodium</b>							
Inj 1 g	939	\$9,142	\$9.7360	C H	1%		

**SCHEDULE TWO: PRODUCTS TO BE TENDERED (DRAFT)**

<b>Chemical Name</b>						
<b>Line Item</b>	<b>Units</b>	<b>Cost</b>	<b>Unit Subsidy</b>		<b>DV Limit</b>	<b>Comments</b>
<b>Ceftazidime</b>						
Inj 250 mg					H 1%	
Inj 500 mg					H 1%	
Inj 1 g					H 1%	
Inj 2 g					H 1%	
<b>Ceftriaxone Sodium</b>						
Inj 250 mg	714				C H 1%	Note this product has been recently discontinued
<u>Inj 500 mg</u>	385	\$1,536	\$3.9900		C H 1%	
<u>Inj 1 g</u>	1,808	\$9,763	\$5.4000		C H 1%	
<u>Inj 2 g</u>					H 1%	
<b>Cefuroxime Axetil</b>						
Tab 250 mg	6,897	\$13,622	\$1.9750		C H 1%	
<b>Cefuroxime Sodium</b>						
Inj 250 mg			\$2.0970		C H 1%	
Inj 750 mg	136	\$653	\$4.8000		C H 1%	
Inj 1.5 g			\$12.3600		C H 1%	
<b>Cephalexin Monohydrate</b>						
Grans for oral liq 125 mg per 5 ml					C H 1%	Not currently listed in the Pharmaceutical Schedule
Grans for oral liq 250 mg per 5 ml					C H 1%	Not currently listed in the Pharmaceutical Schedule
<b>Cetirizine Hydrochloride</b>						
<u>Oral liq 1 mg per ml</u>	1,962,144	\$53,959	\$0.0275		C H 1%	
<u>Tab 10 mg</u>	7,882,071	\$290,848	\$0.0369		C H 1%	
<b>Chlorhexidine Gluconate</b>						
<u>Soln 4%</u>	1,988,107	\$28,629	\$0.0144		C H 1%	
<b>Cholestyramine with Aspartame</b>						
Sachets 4 g with aspartame	161,633	\$62,229	\$0.3850	*	C H 1%	
<b>Ciprofloxacin</b>						
<u>Tab 250 mg</u>	223,855	\$40,764	\$0.1821		C H 1%	
<u>Tab 500 mg</u>	984,019	\$292,057	\$0.2968		C H 1%	
<u>Tab 750 mg</u>	45,652	\$31,468	\$0.6893		C H 1%	
<b>Citalopram Hydrobromide</b>						
Tab 20 mg	18,286,429	\$2,285,804	\$0.1250		C H 1%	
<b>Clindamycin</b>						
<u>Cap hydrochloride 150 mg</u>	353,481	\$251,643	\$0.7119		C H 1%	
<u>Inj phosphate 150 mg per ml, 4 ml</u>	1,384	\$26,919	\$19.4500		C H 1%	
<b>Clobetasone Butyrate</b>						
Crn 0.05% (pack size 30 g or less)	800,150	\$143,467	\$0.1793		C H 1%	
Crn 0.05% (pack size greater than 30 g)	669,433	\$120,029	\$0.1793	*	C H 1%	
<b>Clomipramine Hydrochloride</b>						
Tab 10 mg	290,050	\$29,005	\$0.1000		C H 1%	
Tab 25 mg	1,871,532	\$97,320	\$0.0520		C H 1%	
<b>Clonazepam</b>						
Inj 1 mg per ml, 1 ml	12,278	\$22,984	\$1.8720		C H 1%	

**SCHEDULE TWO: PRODUCTS TO BE TENDERED (DRAFT)**

<b>Chemical Name</b>						
<b>Line Item</b>	<b>Units</b>	<b>Cost</b>	<b>Unit Subsidy</b>		<b>DV Limit</b>	<b>Comments</b>
<b>Clonazepam</b>						
Oral drops 2.5 mg per ml	105,259	\$77,681	\$0.7380	C H	1%	
<u>Tab 500 mcg</u>	5,144,280	\$282,421	\$0.0549	C H	1%	
<u>Tab 2 mg</u>	1,014,611	\$100,954	\$0.0995	C H	1%	
<b>Clonidine</b>						
<u>Inj 150 mcg per ml, 1 ml</u>	7,106	\$19,897	\$2.8000	C H	1%	
<u>Tab 25 mcg</u>				H	1%	
<u>Tab 150 mcg</u>	498,503	\$151,196	\$0.3033	C H	1%	
<u>TDDS 2.5 mg, 100 mcg per day</u>				H	1%	
<u>TDDS 5 mg, 200 mcg per day</u>				H	1%	
<u>TDDS 7.5 mg, 300 mcg per day</u>				H	1%	
<b>Clotrimazole</b>						
<u>Crn 1%</u>	1,741,881	\$47,902	\$0.0275	C H	1%	
Pessaries 500 mg with applicator				C H	1%	Not currently listed in the Pharmaceutical Schedule
<u>Soln 1%</u>	10,386	\$2,264	\$0.2180 *	C H	1%	
<b>Co-Trimoxazole</b>						
<u>Oral liq sugar-free trimethoprim 40 mg and sulphamethoxazole 200 mg per 5 ml</u>	9,838,261	\$116,091	\$0.0118	C H	1%	
<u>Tab trimethoprim 80 mg and sulphamethoxazole 400 mg</u>	2,591,235	\$88,102	\$0.0340	C H	1%	
<b>Cyclizine Lactate</b>						
<u>Inj 50 mg per ml, 1 ml</u>	77,903	\$232,930	\$2.9900	C H	1%	
<b>Cyclophosphamide</b>						
Inj 1 g				C H	PCT 1%	
Inj 2 g				H	PCT 1%	
<b>Danthron With Poloxamer</b>						
Cap 25 mg with poloxamer 200 mg				C H	1%	Not currently listed in the Pharmaceutical Schedule
Cap 37.5 mg with poloxamer 500 mg				C H	1%	Not currently listed in the Pharmaceutical Schedule
<b>Daunorubicin</b>						
Inj 20 mg				H	PCT 1%	
<b>Desipramine Hydrochloride</b>						
Tab 25 mg	198,131	\$128,072	\$0.6464 *	C H	1%	
<b>Desmopressin</b>						
Inj 4 mcg per ml, 1 ml	1,911	\$12,838	\$6.7180	C H	1%	
Inj 15 mcg per ml, 1 ml				H	1%	
<u>Nasal spray 10 mcg per dose</u>	82,036	\$414,282	\$5.0500	C H	1%	
Nasal drops 100 mcg per ml	6,682	\$104,319	\$15.6120	C H	1%	
<b>Dexamethasone with Framycetin and Gramicidin</b>						
Ear/Eye drops 500 mcg with framycetin sulphate 5 mg and gramicidin 50 mcg per ml	823,461	\$463,197	\$0.5625 *	C		
<b>Dexamethasone with Neomycin and Polymyxin B Sulphate</b>						
Eye drops 0.1% with neomycin sulphate 0.35% and polymyxin B sulphate 6,000 u per ml	98,582	\$88,724	\$0.9000	C		
Eye oint 0.1% with neomycin sulphate 0.35% and polymyxin B sulphate 6,000 u per g	12,613	\$19,424	\$1.5400	C		

**SCHEDULE TWO: PRODUCTS TO BE TENDERED (DRAFT)**

<b>Chemical Name</b>							
<b>Line Item</b>	<b>Units</b>	<b>Cost</b>	<b>Unit Subsidy</b>		<b>DV Limit</b>	<b>Comments</b>	
<b>Dextrose</b>							
Inj 50%, 10 ml	11,839	\$65,115	\$5.5000	*	C H	1%	
<b>Diaphragm</b>							
<u>Diaphragm</u>	1,037	\$44,487	\$42.9000		C		
<b>Diazepam</b>							
Inj 5 mg per ml, 2 ml	18,572	\$34,321	\$1.8480		C H	1%	
Rectal tubes 5 mg	16,347	\$86,639	\$5.3000		C H	1%	
Rectal tubes 10 mg	17,430	\$112,877	\$6.4760		C H	1%	
Tab 2 mg	2,260,085	\$37,969	\$0.0168		C H	1%	
Tab 5 mg	2,452,165	\$49,043	\$0.0200		C H	1%	
Tab 10 mg	597,865	\$20,626	\$0.0345		C H	1%	
<b>Diclofenac Sodium</b>							
Eye drops 1 mg per ml	28,705	\$79,226	\$2.7600		C H	1%	Single dose presentation would not be a DV Pharmaceutical
Inj 25 mg per ml, 3 ml	23,595	\$56,628	\$2.4000		C H	1%	
Suppos 12.5 mg	7,606	\$1,407	\$0.1850		C H	1%	
Suppos 25 mg	12,794	\$2,840	\$0.2220		C H	1%	
Suppos 50 mg	68,492	\$26,301	\$0.3840		C H	1%	
Suppos 100 mg	165,224	\$105,082	\$0.6360		C H	1%	
<b>Dicloxacillin</b>							
Cap 250 mg	37,318	\$3,840	\$0.1029	*	C H	1%	
Cap 500 mg	78,509	\$12,530	\$0.1596	*	C H	1%	
Grans for oral liq 125 mg per 5 ml	53,795	\$1,910	\$0.0355	*	C H	1%	
Inj 500 mg			\$1.0900		C H	1%	
Inj 1 g			\$1.5080		C H	1%	
<b>Dihydrocodeine Tartrate</b>							
<u>Tab long-acting 60 mg</u>	4,918,209	\$2,483,696	\$0.5050		C H	1%	
<b>Diphenoxylate Hydrochloride with Atropine Sulphate</b>							
<u>Tab 2.5 mg with atropine sulphate 25 mcg</u>	757,691	\$29,550	\$0.0390		C H	1%	
<b>Dipyridamole</b>							
Tab 25 mg	373,841	\$710	\$0.0019	*	C H	1%	
<u>Tab long-acting 150 mg</u>	7,180,541	\$1,378,664	\$0.1920		C H	1%	
<b>Docusate Sodium</b>							
<u>Tab 50 mg</u>	791,187	\$38,689	\$0.0489		C H	1%	
<u>Tab 120 mg</u>	1,292,250	\$62,028	\$0.0480		C H	1%	
<b>Doxepin Hydrochloride</b>							
Cap 10 mg	1,804,270	\$90,033	\$0.0499		C H	1%	
Cap 25 mg	2,181,009	\$91,384	\$0.0419	*	C H	1%	
Cap 50 mg	685,643	\$47,926	\$0.0699		C H	1%	
Cap 75 mg	337,838	\$37,128	\$0.1099		C H	1%	
<b>Doxycycline Hydrochloride</b>							
Tab 50 mg	735,699	\$71,142	\$0.0967	*	C H	1%	
Tab 100 mg	6,020,003	\$195,048	\$0.0324		C H	1%	
<b>Emulsifying Ointment</b>							
<u>Oint BP</u>	32,769,451	\$252,325	\$0.0077		C H	1%	

**SCHEDULE TWO: PRODUCTS TO BE TENDERED (DRAFT)**

<b>Chemical Name</b>							
<b>Line Item</b>	<b>Units</b>	<b>Cost</b>	<b>Unit Subsidy</b>		<b>DV Limit</b>	<b>Comments</b>	
<b>Enoxaparin Sodium</b>							
Inj 20 mg per 0.2 ml					H 1%		
Inj 40 mg per 0.4 ml					H 1%		
Inj 60 mg per 0.6 ml					H 1%		
Inj 80 mg per 0.8 ml					H 1%		
Inj 100 mg per ml, 1 ml					H 1%		
Inj 120 mg per 0.8 ml					H 1%		
Inj 150 mg per ml, 1 ml					H 1%		
<b>Entacapone</b>							
Tab 200 mg	208,674	\$269,189	\$1.2900		C H 1%		
<b>Erythromycin Ethyl Succinate</b>							
<u>Grans for oral liq 200 mg per 5 ml</u>	6,876,661	\$257,875	\$0.0375		C H 1%		
<u>Grans for oral liq 400 mg per 5 ml</u>	3,819,134	\$213,872	\$0.0560		C H 1%		
<b>Erythromycin Lactobionate</b>							
Inj 300 mg	83	\$1,178	\$14.1940		C H 1%		
Inj 1 g	293	\$1,905	\$6.5000		C H 1%		
<b>Erythromycin Stearate</b>							
Tab 250 mg	245,762	\$36,741	\$0.1495 *		C H 1%		
Tab 500 mg	168,288	\$50,318	\$0.2990 *		C H 1%		
<b>Etoposide Phosphate</b>							
Inj 100 mg (of etoposide base)					H PCT 1%		
<b>Felodipine</b>							
Tab long-acting 2.5 mg	7,868,000	\$2,722,328	\$0.3460		C H 1%		
Tab long-acting 5 mg	13,936,666	\$2,554,591	\$0.1833		C H 1%		
Tab long-acting 10 mg	9,447,736	\$2,519,711	\$0.2667		C H 1%		
<b>Ferrous Salts</b>							
Tab	6,953,179				C H 1%		Any iron salt and additives would be considered. Dose range of 60 - 105 mg elemental iron per tablet required (short-acting or long-acting)
<b>Ferrous Salts with Folic Acid</b>							
Tab with folic acid	1,001,377	\$60,083	\$0.0600 *		C H 1%		Any iron salt would be considered. Dose range of 60 - 110 mg elemental iron per tablet required (short-acting or long-acting)
<b>Fexofenadine Hydrochloride</b>							
Tab 30 mg					C H 1%		Not currently listed on the Pharmaceutical Schedule
Tab 60 mg	69,395	\$15,059	\$0.2170 *		C H 1%		
Tab 120 mg	114,122	\$54,094	\$0.4740 *		C H 1%		
Tab 180 mg					C H 1%		Not currently listed on the Pharmaceutical Schedule
<b>Flecainide Acetate</b>							
Cap long-acting 100 mg	622,030	\$887,823	\$1.4273		C H 1%		
Cap long-acting 200 mg	465,021	\$1,172,318	\$2.5210		C H 1%		
Inj 10 mg per ml, 15 ml	17	\$167	\$9.8040		C H 1%		
Oral liq					C H 1%		Not currently listed on the Pharmaceutical Schedule

**SCHEDULE TWO: PRODUCTS TO BE TENDERED (DRAFT)**

<b>Chemical Name</b>							
<b>Line Item</b>	<b>Units</b>	<b>Cost</b>	<b>Unit Subsidy</b>		<b>DV Limit</b>	<b>Comments</b>	
<b>Flecainide Acetate</b>							
Tab 50 mg	252,342	\$180,096	\$0.7137	C H	1%		
Tab 100 mg	264,329	\$333,187	\$1.2605	C H	1%		
<b>Flucloxacillin Sodium</b>							
Inj 250 mg	56	\$52	\$0.9320	C H	1%		
Inj 500 mg	2,142	\$2,335	\$1.0900	C H	1%		
Inj 1 g	44,171	\$66,610	\$1.5080	C H	1%		
<b>Fluconazole</b>							
<u>Cap 50 mg</u>	134,602	\$69,710	\$0.5179	C H	1%		
<u>Cap 150 mg</u>	56,232	\$219,305	\$3.9000	C H	1%		
<u>Cap 200 mg</u>	17,684	\$26,209	\$1.4821	C H	1%		
<b>Fludarabine phosphate</b>							
<u>Inj 50 mg</u>					H PCT	1%	
<u>Tab 10 mg</u>					H PCT	1%	
<b>Fludrocortisone Acetate</b>							
Tab 100 mcg	830,319	\$63,270	\$0.0762	C H	1%		
<b>Flumetasone Pivalate</b>							
Ear drops 0.02% with clioquinol 1%	126,618	\$75,300	\$0.5947	*	C		
<b>Fluorouracil Sodium</b>							
Crn 5%	273,829	\$327,089	\$1.1945	*	C H	1%	
<b>Food Thickner</b>							
Powder	1,724,917				C		
<b>Fusidic Acid</b>							
Eye drops 1%	222,560	\$200,304	\$0.9000	*	C H	1%	
Inj 500 mg sodium fusidate per 10 ml			\$12.8700	*	C H	1%	
<b>Gelatin Plasma Replacer</b>							
<u>Inf 3.5%, 500 ml bag</u>					H	1%	
<u>Inf 4%, 500 ml bag</u>					H	1%	
<b>Gemfibrozil</b>							
Cap 300 mg					C H	1%	Not currently listed on the Pharmaceutical Schedule
Tab 600 mg					C H	1%	Not currently listed on the Pharmaceutical Schedule
<b>Gentamicin Sulphate</b>							
Inj 10 mg per ml, 1 ml	95	\$163	\$1.7120	C H	1%		
Powder					H	1%	
<b>Gestrinone</b>							
Cap 2.5 mg	8,824	\$112,363	\$12.7338	C H	1%		
<b>Glibenclamide</b>							
Tab 2.5 mg	418,451	\$15,817	\$0.0378	C H	1%		
Tab 5 mg	1,758,731	\$58,214	\$0.0331	C H	1%		
<b>Gliclazide</b>							
<u>Tab 80 mg</u>	18,260,202	\$1,331,169	\$0.0729	C H	1%		
<b>Glipizide</b>							
<u>Tab 5 mg</u>	13,016,532	\$455,579	\$0.0350	C H	1%		

**SCHEDULE TWO: PRODUCTS TO BE TENDERED (DRAFT)**

<b>Chemical Name</b>							
<b>Line Item</b>	<b>Units</b>	<b>Cost</b>	<b>Unit Subsidy</b>		<b>DV Limit</b>	<b>Comments</b>	
<b>Glucose Oxidase</b>							
Urine Ketone Diagnostic Test				*	C	Each individual product should be foil wrapped	
<b>Glyceryl Trinitrate</b>							
Spray 400 mcg per dose	27,874,641	\$574,218	\$0.0206		C H	1%	
Tab 600 mcg					C H	1%	Note this product has been recently discontinued
TDDS 5 mg	203,467	\$124,786	\$0.6133		C H	1%	
TDDS 10 mg	84,047	\$68,641	\$0.8167		C H	1%	
<b>Heparin Sodium</b>							
Inj 1,000 iu per ml, 5 ml	1,243	\$1,661	\$1.3360		C H	1%	
Inj 1,000 iu per ml, 35 ml	6,482	\$78,432	\$12.1000		C H	1%	
Inj 5,000 iu per ml, 1 ml	7,384	\$15,241	\$2.0640		C H	1%	
Inj 5,000 iu per ml, 5 ml	16,955	\$46,965	\$2.7700	*	C H	1%	
Inj 25,000 iu per ml, 0.2 ml	5,207	\$7,811	\$1.5000	*	C H	1%	
<b>Heparinised Saline</b>							
Inj 100 iu per ml, 5 ml	3,900	\$8,093	\$2.0752		C H	1%	
<b>Hydrocortisone</b>							
Crm 0.5% (pack size 100 g or less)					C H	1%	Not currently listed in the Pharmaceutical Schedule
Crm 0.5% (pack size greater than 100 g)					C H	1%	Not currently listed in the Pharmaceutical Schedule
Crm 1% (pack size 100 g or less)	15,744,933	\$384,176	\$0.0244		C H	1%	Volume is aggregated for all pack sizes of hydrocortisone cream
Crm 1% (pack size greater than 100 g)	29,257,598	\$713,885	\$0.0244		C H	1%	Volume is aggregated for all pack sizes of hydrocortisone cream
<u>Powder</u>			\$1.5056		C H	1%	
<b>Hydrocortisone with Wool Fat and Mineral Oil</b>							
<u>Lotn 1% with wool fat hydrous 3% and mineral oil</u>	10,426,268	\$414,965	\$0.0398		C		
<b>Hyoscine (Scopolamine)</b>							
Patches, 1.5 mg	3,948	\$18,871	\$4.7800	*	C H	1%	
<b>Hyoscine Hydrobromide</b>							
Inj 400 mcg per ml, 1 ml	7,387	\$9,839	\$1.3320		C H	1%	
<b>Hyoscine N-Butylbromide</b>							
<u>Inj 20 mg, 1 ml</u>	56,467	\$80,748	\$1.4300		C H	1%	
<u>Tab 10 mg</u>	2,600,409	\$172,927	\$0.0665	*	C H	1%	
<b>Hypromellose</b>							
<u>Eye drops 0.3%</u>	839,852	\$146,722	\$0.1747		C H	1%	
<u>Eye drops 0.5%</u>	53,081	\$6,333	\$0.1193		C H	1%	
<b>Ibuprofen</b>							
<u>Tab 200 mg</u>	15,751,556	\$280,378	\$0.0178		C H	1%	
Tab 400 mg	711,101	\$25,386	\$0.0357	*	C H	1%	
Tab 600 mg	190,872	\$10,154	\$0.0532	*	C H	1%	
<b>Ifosfamide</b>							
Inj 1 g					H PCT	1%	
Inj 2 g					H PCT	1%	

**SCHEDULE TWO: PRODUCTS TO BE TENDERED (DRAFT)**

<b>Chemical Name</b>						
<b>Line Item</b>	<b>Units</b>	<b>Cost</b>	<b>Unit Subsidy</b>		<b>DV Limit</b>	<b>Comments</b>
<b>Indomethacin</b>						
Cap 25 mg	353,454	\$20,854	\$0.0590	C H	1%	
Cap 50 mg	861,816	\$59,896	\$0.0695	C H	1%	
Cap long-acting 75 mg	638,272	\$84,890	\$0.1330	C H	1%	
Suppos 100 mg	48,678	\$23,526	\$0.4833	C H	1%	
<b>Intra-Uterine Device</b>						
IUD	8,414	\$332,353	\$39.5000	C		Sole supply may be awarded to a range of sizes
<b>Ipratropium Bromide</b>						
Aerosol inhaler, 20 mcg per dose CFC-free	13,660,343	\$1,106,488	\$0.0810	C H	1%	
<b>Iron Polymaltose</b>						
Inj 50 mg per ml, 2 ml	18,951	\$113,516	\$5.9900	C H	1%	
<b>Isoniazid</b>						
Tab 100 mg with rifampicin 150 mg	21,858	\$19,681	\$0.9004	C H	1%	
Tab 150 mg with rifampicin 300 mg	94,249	\$169,243	\$1.7957	C H	1%	
<b>Isosorbide Mononitrate</b>						
Tab 20 mg	720,981	\$129,777	\$0.1800	C H	1%	
Tab long-acting 40 mg	930,458	\$460,298	\$0.4947	C H	1%	
<b>Ketamine hydrochloride</b>						
Inj 200 mg				H	1%	
Inj 1 g				H	1%	
<b>Ketoconazole</b>						
Shampoo 2%	3,350,447	\$131,673	\$0.0393	C H	1%	
<b>Ketorolac</b>						
Inj 10 mg per ml				C H	1%	Not currently listed in the Pharmaceutical Schedule
Tab 10 mg				C H	1%	Not currently listed in the Pharmaceutical Schedule
<b>Latanoprost</b>						
Eye drops 50 mcg per ml	402,406	\$3,138,767	\$7.8000 *	C H	1%	
<b>Letrozole</b>						
Tab 2.5 mg	261,995	\$1,279,060	\$4.8820 *	C H	1%	
<b>Levocabastine</b>						
Eye drops 0.5 mg per ml	113,594	\$247,351	\$2.1775 *	C H	1%	
<b>Levodopa with Carbidopa</b>						
Tab 100 mg with carbidopa 25 mg	3,539,914	\$707,983	\$0.2000	C H	1%	There is a rebate associated with levodopa with carbidopa
Tab 250 mg with carbidopa 25 mg	188,846	\$108,586	\$0.5750	C H	1%	There is a rebate associated with levodopa with carbidopa
Tab long-acting 200 mg with carbidopa 50 mg	1,893,158	\$1,325,211	\$0.7000	C H	1%	There is a rebate associated with levodopa with carbidopa
<b>Lisuride Hydrogen Maleate</b>						
Tab 200 mcg	216,716	\$198,664	\$0.9167	C H	1%	
<b>Lodoxamide trometamol</b>						
Eye drops 0.1%	165,937	\$144,531	\$0.8710	C H	1%	
<b>Lomustine</b>						
Cap 10 mg				H PCT	1%	

**SCHEDULE TWO: PRODUCTS TO BE TENDERED (DRAFT)**

<b>Chemical Name</b>								
<b>Line Item</b>	<b>Units</b>	<b>Cost</b>	<b>Unit Subsidy</b>		<b>DV Limit</b>	<b>Comments</b>		
<b>Lomustine</b>								
Cap 40 mg					H PCT 1%			
<b>Losartan</b>								
Tab 12.5 mg	1,390,462	\$1,105,000	\$0.7947	+ C H	1%	There is a rebate associated with losartan		
Tab 25 mg				+ C H	1%	Not currently listed in the Pharmaceutical Schedule		
Tab 50 mg	1,884,413	\$1,996,912	\$1.0597	+ C H	1%	There is a rebate associated with losartan		
Tab 100 mg	48,255	\$56,941	\$1.1800	+ C H	1%	There is a rebate associated with losartan		
<b>Losartan with Hydrochlorothiazide</b>								
Tab 50 mg with hydrochlorothiazide 12.5 mg	401,260	\$425,215	\$1.0597	+ C H	1%	There is a rebate associated with losartan with hydrochlorothiazide		
<b>Magnesium Hydroxide</b>								
Tab					C H 1%	Not currently listed in the Pharmaceutical Schedule		
<b>Magnesium Sulphate</b>								
Paste	154,218	\$5,737	\$0.0372	* C H	1%			
<b>Mebendazole</b>								
Oral liq 100 mg per 5 ml	51,909	\$7,542	\$0.1453	* C H	1%			
Tab 100 mg	13,060	\$8,250	\$0.6317	* C H	1%			
<b>Mebeverine Hydrochloride</b>								
Tab 135 mg	674,683	\$80,355	\$0.1191	* C H	1%			
<b>Mercaptopurine</b>								
Tab 50 mg	144,715	\$272,412	\$1.8824		C H PCT 1%			
<b>Mesna</b>								
Tab 400 mg					H PCT 1%			
Tab 600 mg					H PCT 1%			
<b>Methadone Hydrochloride</b>								
Inj 10 mg per ml, 1 ml	28,038	\$145,798	\$5.2000		C H 1%			
<b>Methotrexate</b>								
Inj 2.5 mg per ml, 2 ml	99	\$468	\$4.7300		C H PCT 1%			
Inj 25 mg per ml, 2 ml	3,556	\$32,786	\$9.2200		C H PCT 1%			
Inj 25 mg per ml, 20 ml	151	\$12,118	\$80.2500		C H PCT 1%			
<u>Inj 100 mg per ml, 10 ml</u>			\$33.0000		C H PCT 1%			
<u>Inj 100 mg per ml, 50 ml</u>			\$150.0000		C H PCT 1%			
<b>Methyldopa</b>								
<u>Tab 125 mg</u>	118,665	\$10,680	\$0.0900		C H 1%			
<u>Tab 250 mg</u>	591,604	\$75,725	\$0.1280		C H 1%			
<u>Tab 500 mg</u>	145,971	\$28,464	\$0.1950		C H 1%			
<b>Methylprednisolone Acetate</b>								
<u>Inj 40 mg per ml, 1 ml</u>	5,595	\$33,738	\$6.0300		C H 1%			
<b>Methylprednisolone Acetate with Lignocaine</b>								
<u>Inj 40 mg per ml with lignocaine 1 ml</u>	2,339	\$14,104	\$6.0300		C H 1%			
<b>Metoclopramide Hydrochloride</b>								
<u>Inj 5 mg per ml, 2 ml</u>	214,702	\$107,351	\$0.5000		C H 1%			

**SCHEDULE TWO: PRODUCTS TO BE TENDERED (DRAFT)**

<b>Chemical Name</b>							
<b>Line Item</b>	<b>Units</b>	<b>Cost</b>	<b>Unit Subsidy</b>		<b>DV Limit</b>	<b>Comments</b>	
<b>Metoprolol Succinate</b>							
Tab long-acting 23.75 mg	11,326,501	\$1,962,883	\$0.1733		C H 1%		
Tab long-acting 47.5 mg	27,687,737	\$5,999,933	\$0.2167		C H 1%		
Tab long-acting 95 mg	21,320,420	\$7,958,913	\$0.3733		C H 1%		
Tab long-acting 190 mg	5,464,913	\$3,688,816	\$0.6750		C H 1%		
<b>Metronidazole</b>							
<u>Inj 500 mg, 100 ml</u>					H 1%		
Oral liq benzoate 200 mg per 5 ml	196,452	\$49,113	\$0.2500	*	C H 1%		
Suppos 500 mg	2,037	\$4,987	\$2.4480		C H 1%		
Suppos 1 g	2,806	\$9,347	\$3.3310		C H 1%		
<b>Mexiletine Hydrochloride</b>							
<u>Cap 50 mg</u>	120,285	\$28,291	\$0.2352		C H 1%		
<u>Cap 200 mg</u>	84,220	\$46,363	\$0.5505		C H 1%		
<b>Miconazole Nitrate</b>							
<u>Crn 2%</u>	1,284,360	\$37,632	\$0.0293		C H 1%		
Lotn 2%	18,085	\$2,628	\$0.1453	*	C H 1%		
Pessaries 100 mg					C H 1%	Not currently listed in the Pharmaceutical Schedule	
Tincture 2%	35,417	\$5,146	\$0.1453	*	C H 1%		
Vaginal crn 2% with applicator	499,473	\$34,364	\$0.0688	*	C H 1%		
<b>Midazolam</b>							
Tab 7.5 mg	385,162	\$39,980	\$0.1038	*	C H 1%		
<b>Minocycline Hydrochloride</b>							
Cap 100 mg	679,262	\$131,233	\$0.1932	*	C H 1%		
Tab 50 mg	1,893,729	\$182,745	\$0.0965	*	C H 1%		
<b>Mirtazapine</b>							
Tab 15 mg					C H 1%	Not currently listed in the Pharmaceutical Schedule	
Tab 30 mg					C H 1%	Not currently listed in the Pharmaceutical Schedule	
Tab 45 mg					C H 1%	Not currently listed in the Pharmaceutical Schedule	
<b>Mitomycin C</b>							
Inj 10 mg					H PCT 1%		
Inj 2 mg					H PCT 1%		
<b>Mometasone Furoate</b>							
Crn 0.1% (pack size 30 g or less)	2,376,935	\$627,511	\$0.2640		C H 1%	Volume is aggregated for all pack sizes of mometasone furoate cream. There is a confidential rebate associated with mometasone	
Crn 0.1% (pack size greater than 30 g)	2,417,520	\$638,225	\$0.2640		C H 1%	Volume is aggregated for all pack sizes of mometasone furoate cream. There is a confidential rebate associated with mometasone	
Oint 0.1% (pack size 30 g or less)	1,944,976	\$513,474	\$0.2640		C H 1%	Volume is aggregated for all pack sizes of mometasone furoate ointment. There is a confidential rebate associated with mometasone	

**SCHEDULE TWO: PRODUCTS TO BE TENDERED (DRAFT)**

<b>Chemical Name</b>						
<b>Line Item</b>	<b>Units</b>	<b>Cost</b>	<b>Unit Subsidy</b>		<b>DV Limit</b>	<b>Comments</b>
<b>Mometasone Furoate</b>						
Oint 0.1% (pack size greater than 30 g)	1,896,240	\$500,607	\$0.2640	C H	1%	Volume is aggregated for all pack sizes of mometasone furoate ointment. There is a confidential rebate associated with mometasone
Lotn 0.1%	239,341	\$38,295	\$0.1600	C H	1%	
<b>Morphine Sulphate</b>						
Inj 10 mg per ml, 1 ml	191,366	\$181,798	\$0.9500	C H	1%	Not currently listed on the Pharmaceutical Schedule
Inj 20 mg per ml, 1 ml				C H	1%	
<u>Inj 10 mg per ml 10 ml prefilled syringe</u>				H	1%	
Inj 30 mg per ml, 1 ml	74,863	\$77,259	\$1.0320	C H	1%	
<u>Inj 30 mg per ml 30 ml prefilled syringe</u>				H	1%	
<u>Inj 50 mg per ml 50 ml prefilled syringe</u>				H	1%	
<u>Inj 60 mg per ml 30 ml prefilled syringe</u>				H	1%	
Suppos 5 mg			\$1.4783	C H	1%	
Suppos 10 mg	44	\$41	\$0.9233	C H	1%	
Suppos 20 mg	108	\$183	\$1.6925	C H	1%	
Suppos 30 mg	3,232	\$8,454	\$2.6158	C H	1%	
Tab long-acting 10 mg	812,089	\$146,176	\$0.1800	C H	1%	
Tab long-acting 30 mg	388,097	\$139,715	\$0.3600	C H	1%	
Tab long-acting 60 mg	193,966	\$139,656	\$0.7200	C H	1%	
Tab long-acting 100 mg	257,132	\$218,562	\$0.8500	C H	1%	
<b>Naphazoline Hydrochloride</b>						
<u>Eye drops 0.1%</u>	92,914	\$25,709	\$0.2767	C H	1%	
<b>Naproxen</b>						
<u>Tab long-acting 750 mg</u>	754,179	\$150,836	\$0.2000	C H	1%	
<u>Tab long-acting 1,000 mg</u>	714,613	\$166,719	\$0.2333	C H	1%	
<b>Nedocromil</b>						
Aerosol Inhaler, 2 mg per dose CFC-free	797,876	\$165,240	\$0.2071 *	C H	1%	
<b>Nefopam Hydrochloride</b>						
Tab 30 mg	967,393	\$251,522	\$0.2600	C H	1%	
<b>Nifedipine</b>						
Tab long-acting 30 mg	541,911			C H	1%	
Tab long-acting 60 mg	226,362			C H	1%	
<b>Nitrazepam</b>						
Tab 5 mg	813,433	\$16,269	\$0.0200 *	C H	1%	
<b>Norethisterone</b>						
<u>Tab 5 mg</u>	1,246,493	\$311,623	\$0.2500	C H	1%	
<b>Norethisterone with Mestranol</b>						
Tab 1 mg with mestranol 50 mcg and 7 inert tab	74,841	\$5,897	\$0.0788 *	C		
<b>Norfloxacin</b>						
<u>Tab 400 mg</u>	925,075	\$297,319	\$0.3214	C H	1%	
<b>Nortriptyline Hydrochloride</b>						
<u>Tab 10 mg</u>	2,900,419	\$147,921	\$0.0510	C H	1%	
<u>Tab 25 mg</u>	6,036,700	\$421,362	\$0.0698	C H	1%	

**SCHEDULE TWO: PRODUCTS TO BE TENDERED (DRAFT)**

<b>Chemical Name</b>						
<b>Line Item</b>	<b>Units</b>	<b>Cost</b>	<b>Unit Subsidy</b>		<b>DV Limit</b>	<b>Comments</b>
<b>Nystatin</b>						
Oral liq 100,000 u per ml	1,027,781	\$129,809	\$0.1263		C H	1%
<b>Octreotide (somatostatin analogue)</b>						
Inj 50 mcg per ml, 1 ml	2,822	\$24,551	\$8.7000		C H	1%
Inj 100 mcg per ml, 1 ml	7,692	\$124,610	\$16.2000		C H	1%
Inj 500 mcg per ml, 1 ml	472	\$37,666	\$79.8000		C H	1%
LAR 10 mg pre-filled syringe	180	\$319,050	\$1,772.5000		C H	1%
LAR 20 mg pre-filled syringe	834	\$1,967,198	\$2,358.7500		C H	1%
LAR 30 mg pre-filled syringe	506	\$1,493,333	\$2,951.2500		C H	1%
<b>Oestradiol</b>						
Tab 1 mg	974,213	\$143,307	\$0.1471	*	C	
Tab 2 mg	674,594	\$130,129	\$0.1929	*	C	
TDDS 3.9 mg (releases 50 mcg of oestradiol per day)	53,406	\$55,008	\$1.0300	*	C	
TDDS 7.8 mg (releases 100 mcg of oestradiol per day)	17,092	\$30,125	\$1.7625	*	C	
TDDS 25 mcg per day	45,430	\$17,091	\$0.3762	*	C	
TDDS 50 mcg per day	44,382	\$22,857	\$0.5150	*	C	
TDDS 100 mcg per day	12,429	\$10,952	\$0.8812	*	C	
<b>Oestradiol valerate</b>						
Tab 1 mg	211,560	\$31,120	\$0.1471	*	C	
Tab 2 mg	387,803	\$74,807	\$0.1929		C	
<b>Oestradiol with levonorgestrel</b>						
Tab 2 mg with 75 mcg levonorgestrel (36) and tab 2 mg oestradiol (48)	149,526	\$28,844	\$0.1929		C	
<b>Oestradiol with norethisterone</b>						
Tab 1 mg with 0.5 mg norethisterone acetate	1,148,192	\$221,486	\$0.1929	*	C	
Tab 2 mg with 1 mg norethisterone acetate	536,350	\$103,462	\$0.1929	*	C	
Tab 2 mg with 1 mg norethisterone acetate (10), and 2 mg oestradiol tab (12) and 1 mg oestradiol tab (6)	325,257	\$62,742	\$0.1929	*	C	
<b>Oestriol</b>						
Crm 1 mg per g with applicator	1,508,863	\$704,186	\$0.4667		C	
Pessaries 500 mcg	256,243	\$123,842	\$0.4833		C	
Tab 2 mg	191,602	\$44,701	\$0.2333		C	
<b>Oestrogens</b>						
Conjugated, equine tab 300 mcg	1,207,489	\$129,805	\$0.1075	*	C	
Conjugated, equine tab 625 mcg	1,896,813	\$279,021	\$0.1471	*	C	
<b>Oestrogens with medroxyprogesterone</b>						
Tab 625 mcg conjugated equine (28) and 5 mg medroxyprogesterone acetate tab (28)	257,702	\$49,711	\$0.1929	*	C	
Tab 625 mcg conjugated equine (28) and 2.5 mg medroxyprogesterone acetate tab (28)	181,489	\$35,009	\$0.1929	*	C	
<b>Oil in Water Emulsion</b>						
Crm	35,021,248	\$196,119	\$0.0056		C H	1%
<b>Olsalazine</b>						
Cap 250 mg	206,994	\$65,224	\$0.3151		C H	1%

**SCHEDULE TWO: PRODUCTS TO BE TENDERED (DRAFT)**

<b>Chemical Name</b>							
<b>Line Item</b>	<b>Units</b>	<b>Cost</b>	<b>Unit Subsidy</b>		<b>DV Limit</b>	<b>Comments</b>	
<b>Olsalazine</b>							
Tab 500 mg	177,677	\$106,357	\$0.5986		C H 1%		
<b>Ondansetron hydrochloride</b>							
Inj 2 mg per ml, 2 ml					H 1%		
Inj 2 mg per ml, 4 ml					H 1%		
<b>Ornidazole</b>							
Tab 500 mg	141,338	\$174,976	\$1.2380		C H 1%		
<b>Orphenadrine Citrate</b>							
Inj 30 mg per ml, 2 ml	64	\$205	\$3.2000 *		C H 1%		
Tab 100 mg	1,106,615	\$205,166	\$0.1854		C H 1%		
<b>Orphenadrine Hydrochloride</b>							
Tab 50 mg	429,819	\$54,888	\$0.1277		C H 1%		
<b>Oxyptentifylline</b>							
Tab 400 mg	51,359	\$37,944	\$0.7388 *		C H 1%		
<b>Paclitaxel</b>							
<u>Inj 30 mg</u>					H PCT 1%		
<u>Inj 100 mg</u>					H PCT 1%		
<u>Inj 150 mg</u>					H PCT 1%		
<u>Inj 300 mg</u>					H PCT 1%		
Inj 600 mg					H PCT 1%		
<b>Pamidronate Disodium</b>							
<u>Inj 3 mg per ml, 5 ml</u>	50	\$2,425	\$48.5000		C H 1%		
<u>Inj 3 mg per ml, 10 ml</u>	4,717	\$318,398	\$67.5000		C H 1%		
<u>Inj 6 mg per ml, 10 ml</u>	323	\$43,605	\$135.0000		C H 1%		
<u>Inj 9 mg per ml, 10 ml</u>					H 1%		
<b>Papaverine Hydrochloride</b>							
Inj 12 mg per ml, 10 ml	1,552	\$22,696	\$14.6240		C H 1%		
<b>Paracetamol</b>							
<u>Oral liq 120 mg per 5 ml</u>	117,913,035	\$825,391	\$0.0070		C H 1%		
<u>Oral liq 250 mg per 5 ml</u>	119,028,006	\$868,904	\$0.0073		C H 1%		
<u>Suppos 125 mg</u>	74,760	\$24,334	\$0.3255		C H 1%		
<u>Suppos 250 mg</u>	82,289	\$51,513	\$0.6260		C H 1%		
<u>Tab 500 mg</u>	169,011,852	\$1,554,909	\$0.0092		C H 1%		
<b>Paracetamol with Codeine</b>							
<u>Tab paracetamol 500 mg with codeine phosphate 8 mg</u>	28,667,405	\$928,824	\$0.0324		C H 1%		
<b>Pentastarch Plasma Expander</b>							
<u>Inf 10%, 500 ml bag</u>					H 1%		
<b>Pergolide</b>							
Tab 0.05 mg					C H 1%		Not currently listed on the Pharmaceutical Schedule
<u>Tab 0.25 mg</u>	246,165	\$174,777	\$0.7100		C H 1%		
<u>Tab 1 mg</u>	50,469	\$138,285	\$2.7400		C H 1%		
<b>Pethidine Hydrochloride</b>							
Inj 50 mg per ml, 1 ml	26,804	\$20,103	\$0.7500		C H 1%		

**SCHEDULE TWO: PRODUCTS TO BE TENDERED (DRAFT)**

<b>Chemical Name</b>						
<b>Line Item</b>	<b>Units</b>	<b>Cost</b>	<b>Unit Subsidy</b>		<b>DV Limit</b>	<b>Comments</b>
<b>Pethidine Hydrochloride</b>						
Inj 50 mg per ml, 1.5 ml			\$0.8700		C H	1%
Inj 50 mg per ml, 2 ml	80,992	\$67,709	\$0.8360		C H	1%
<b>Phentolamine Mesylate</b>						
Inj 10 mg per ml, 1 ml	517	\$1,858	\$3.5940	*	C H	1%
<b>Phosphate Supplement</b>						
Tab 315 mg with sodium acid phosphate 1.937 g and sodium bicarbonate 350 mg, effervescent	55,852	\$41,889	\$0.7500		C	
<b>Phytomenadione</b>						
Inj 2 mg per 0.2 ml	6,441	\$10,306	\$1.6000		C H	1%
Inj 10 mg per ml, 1 ml	2,520	\$4,642	\$1.8420		C H	1%
Tab 10 mg	57,915	\$32,432	\$0.5600		C H	1%
<b>Pilocarpine</b>						
<u>Eye drops 0.5%</u>	7,891	\$1,678	\$0.2127		C	
<u>Eye drops 1%</u>	28,487	\$6,153	\$0.2160		C	
<u>Eye drops 2%</u>	86,403	\$24,884	\$0.2880		C	
Eye drops 2% single dose	587	\$938	\$1.5975	*	C	
<u>Eye drops 3%</u>	1,063	\$454	\$0.4273		C	
<u>Eye drops 4%</u>	30,993	\$13,575	\$0.4380		C	
<u>Eye drops 6%</u>	5,074	\$2,896	\$0.5707		C	
<b>Pimozide</b>						
Tab 2 mg	157,684	\$46,422	\$0.2944		C H	1%
Tab 4 mg			\$0.5890		C H	1%
Tab 10 mg					C H	1% Not currently listed in the Pharmaceutical Schedule
<b>Piperacillin Sodium with Tazobactam Sodium</b>						
Inf 2 g with tazobactam sodium 250 mg					H	1%
Inf 4 g with tazobactam sodium 500 mg					H	1%
<b>Podophyllotoxin</b>						
Soln 0.5%	19,467	\$177,985	\$9.1429	*	C H	1%
<b>Poloxamer</b>						
<u>Oral drops 10%</u>			\$0.1310		C H	1% Not currently listed in the Pharmaceutical Schedule
<b>Polyvinyl Alcohol</b>						
Eye drops 1.4%	238,572	\$57,567	\$0.2413		C	
Eye drops 3%	59,023	\$15,269	\$0.2587		C	
<b>Potassium Chloride</b>						
<u>Inj 75 mg per ml, 10 ml</u>	17,358	\$9,026	\$0.5200		C H	1%
<u>Inj 150 mg per ml, 10 ml</u>	9,313	\$4,843	\$0.5200		C H	1%
<b>Pravastatin</b>						
Tab 10 mg			\$0.9153		C H	1%
Tab 20 mg			\$1.4193		C H	1%
Tab 40 mg			\$2.1770		C H	1%
Tab 80 mg					C H	1% Not currently listed in the Pharmaceutical Schedule
<b>Prednisone</b>						
<u>Tab 1 mg</u>	9,007,276	\$178,344	\$0.0198		C H	1%

**SCHEDULE TWO: PRODUCTS TO BE TENDERED (DRAFT)**

<b>Chemical Name</b>	<b>Units</b>	<b>Cost</b>	<b>Unit Subsidy</b>	<b>DV Limit</b>	<b>Comments</b>
<b>Line Item</b>					
<b>Prednisone</b>					
<u>Tab 2.5 mg</u>	1,578,885	\$35,999	\$0.0228	C H	1%
<u>Tab 5 mg</u>	9,488,780	\$210,651	\$0.0222	C H	1%
<u>Tab 20 mg</u>	3,723,012	\$227,476	\$0.0611	C H	1%
<b>Probenecid</b>					
Tab 500 mg	307,760	\$169,268	\$0.5500	C H	1%
<b>Procaine Penicillin</b>					
<u>Inj 1.5 mega u</u>	3,486	\$33,187	\$9.5200	C H	1%
<b>Prochlorperazine</b>					
Inj 12.5 mg per ml, 1 ml	30,862	\$46,015	\$1.4910 *	C H	1%
Suppos 5 mg	6,599	\$12,564	\$1.9040 *	C H	1%
Suppos 25 mg	13,508	\$33,878	\$2.5080 *	C H	1%
Tab 3 mg buccal	305,139	\$36,434	\$0.1194 *	C H	1%
<b>Promethazine Hydrochloride</b>					
Inj 25 mg per ml, 2 ml	11,889	\$19,141	\$1.6100	C H	1%
<u>Tab 10 mg</u>	806,222	\$44,342	\$0.0550 *	C H	1%
<u>Tab 25 mg</u>	741,368	\$66,723	\$0.0900 *	C H	1%
<b>Propafenone Hydrochloride</b>					
Tab 150 mg	84,439	\$69,071	\$0.8180	C H	1%
<b>Protein Supplement</b>					
Powder	297,677	\$10,448	\$0.0351	C	Sole supply could be awarded for a single or range of flavours from one supplier
<b>Pyridostigmine Bromide</b>					
Tab 60 mg	348,269	\$119,526	\$0.3432	C H	1%
<b>Quinapril</b>					
<u>Tab 5 mg</u>	9,952,014	\$783,224	\$0.0787	C H	1%
<u>Tab 10 mg</u>	14,354,067	\$1,560,287	\$0.1087	C H	1%
<u>Tab 20 mg</u>	17,626,152	\$2,525,828	\$0.1433	C H	1%
<b>Quinapril with Hydrochlorothiazide</b>					
<u>Tab 10 mg with hydrochlorothiazide 12.5 mg</u>	2,116,789	\$237,715	\$0.1123	C H	1%
<u>Tab 20 mg with hydrochlorothiazide 12.5 mg</u>	5,351,415	\$815,021	\$0.1523	C H	1%
<b>Ranitidine Hydrochloride</b>					
Inj 25 mg per ml, 2 ml	3,008	\$5,264	\$1.7500	C H	1%
<u>Tab 150 mg</u>	6,093,289	\$194,985	\$0.0320	C H	1%
<u>Tab 300 mg</u>	1,948,336	\$85,337	\$0.0438	C H	1%
<b>Rifampicin</b>					
Cap 150 mg	40,762	\$23,911	\$0.5866	C H	1%
Cap 300 mg	102,692	\$125,654	\$1.2236	C H	1%
Oral liq 100 mg per 5 ml	99,786	\$21,055	\$0.2110	C H	1%
Tab 600 mg	19,728	\$75,229	\$3.8133	C H	1%
<b>Sertraline</b>					
Tab 50 mg				C	1% Not currently listed in the Pharmaceutical Schedule
Tab 100 mg				C	1% Not currently listed in the Pharmaceutical Schedule

**SCHEDULE TWO: PRODUCTS TO BE TENDERED (DRAFT)**

<b>Chemical Name</b>								
<b>Line Item</b>	<b>Units</b>	<b>Cost</b>	<b>Unit Subsidy</b>		<b>DV Limit</b>	<b>Comments</b>		
<b>Simethicone</b>								
Oral liq aluminium hydroxide 200 mg with magnesium hydroxide 200 mg and activated simethicone 20 mg per 5 ml	12,475,721	\$37,427	\$0.0030	*	C H	1%		
<b>Simvastatin</b>								
Tab 10 mg	9,262,901	\$2,572,308	\$0.2777		C H	1%	There is a confidential rebate associated with simvastatin	
Tab 20 mg	44,310,135	\$14,963,533	\$0.3377		C H	1%	There is a confidential rebate associated with simvastatin	
Tab 40 mg	35,910,872	\$21,546,523	\$0.6000		C H	1%	There is a confidential rebate associated with simvastatin	
Tab 80 mg	2,077,816	\$1,454,471	\$0.7000		C H	1%	There is a confidential rebate associated with simvastatin	
<b>Sodium Alginate</b>								
Oral liq 500 mg with sodium bicarbonate 267 mg per 10 ml	7,603,083	\$22,809	\$0.0030	*	C H	1%	Additional active agents would be accepted	
<b>Sodium Bicarbonate</b>								
Powder BP			\$0.0240		C H	1%		
Tab					C H	1%	Not currently listed in the Pharmaceutical Schedule	
<b>Sodium Cromoglycate</b>								
Cap 100 mg	82,948	\$73,998	\$0.8921		C H	1%		
<u>Eye drops 2%</u>	411,262	\$135,305	\$0.3290		C			
<b>Stavudine (d4T)</b>								
Oral soln 1 mg per ml			\$0.5038		+ C H	1%		
<b>Streptokinase</b>								
<u>Inj 1,500,000 IU</u>					H	1%		
<u>Inj 250,000 IU</u>					H	1%		
<b>Sucralfate</b>								
Tab 1 g	70,271	\$20,786	\$0.2958	*	C H	1%		
<b>Sulphacetamide Sodium</b>								
Eye drops 10%	38,809				C H	1%		
<b>Sulpiride</b>								
Tab 200 mg					C H	1%	Not currently listed on the Pharmaceutical Schedule	
Tab 400 mg					C H	1%	Not currently listed on the Pharmaceutical Schedule	
<b>Sunscreen</b>								
Crm or Lotn	14,083			*	C			
<b>Tar with Triethanolamine Lauryl Sulphate and Fluorescein</b>								
<u>Soln 2.3% with triethanolamine lauryl sulphate and fluorescein sodium</u>	39,375,539	\$181,127	\$0.0046		C H	1%		
<b>Teicoplanin</b>								
Inj 200 mg					H	1%		
Inj 400 mg					H	1%		
<b>Temazepam</b>								
<u>Tab 10 mg</u>	4,578,761	\$144,689	\$0.0316		C H	1%		
<b>Teniposide</b>								
Inj 10 mg per ml, 5 ml					H PCT	1%		

**SCHEDULE TWO: PRODUCTS TO BE TENDERED (DRAFT)**

<b>Chemical Name</b>						
<b>Line Item</b>	<b>Units</b>	<b>Cost</b>	<b>Unit Subsidy</b>		<b>DV Limit</b>	<b>Comments</b>
<b>Tenoxicam</b>						
Inj 10 mg per ml, 2 ml	83,861	\$167,722	\$2.0000	C H	1%	
Suppos 20 mg	10,459	\$5,543	\$0.5300	C H	1%	
<b>Terbinafine</b>						
<u>Tab 250 mg</u>	2,550,859	\$1,275,430	\$0.5000	C H	1%	
<b>Testosterone Cypionate</b>						
Inj long-acting 100 mg per ml, 10 ml	446	\$27,389	\$61.4100	C H	1%	
<b>Testosterone Enanthate</b>						
Inj long-acting 250 mg - pre-filled syringe	4,725	\$70,875	\$15.0000	C H	1%	
<b>Testosterone Esters</b>						
Inj 250 mg per ml, 1 ml	11,936	\$154,929	\$12.9800	C H	1%	
<b>Testosterone Undecanoate</b>						
Cap 40 mg	770,666	\$779,760	\$1.0118	C H	1%	
<b>Tetrabenazine</b>						
Tab 25 mg	117,065	\$253,984	\$2.1696	C H	1%	
<b>Tetracosactrin</b>						
Inj 250 mcg	142	\$2,516	\$17.7180	C H	1%	
Inj 1 mg per ml, 1 ml	227	\$6,102	\$26.8800	C H	1%	
<b>Thalidomide</b>						
Cap 50 mg				H PCT	1%	
<b>Theophylline</b>						
Tab long-acting 250 mg	1,201,057	\$258,347	\$0.2151	C H	1%	
Tab long-acting 350 mg	295,820	\$86,616	\$0.2928	C H	1%	
<b>Thioridazine Hydrochloride</b>						
Tab 10 mg	239,925	\$18,330	\$0.0764	C H	1%	
Tab 25 mg	331,899	\$28,942	\$0.0872	C H	1%	
Tab 50 mg	161,660	\$19,141	\$0.1184	C H	1%	
Tab 100 mg	93,146	\$17,735	\$0.1904	C H	1%	
<b>Tiaprofenic Acid</b>						
Cap long-acting 300 mg	291,076	\$19,589	\$0.0673	C H	1%	*
Tab 300 mg	67,739	\$4,552	\$0.0672	C H	1%	*
<b>Tobramycin</b>						
Inj 40 mg per ml, 2 ml	36,689	\$201,790	\$5.5000	C H	1%	
Powder				H	1%	
<b>Tolbutamide</b>						
Tab 500 mg	128,075	\$15,369	\$0.1200	C H	1%	
<b>Tolcapone</b>						
Tab 100 mg	172,413	\$221,982	\$1.2875	C H	1%	
<b>Topical anti-acne treatment</b>						
Lotn				C		Sole supply could also be awarded for a gel, crm and/or liq preparation. This Line Item includes topical benzoyl peroxide, retinoid and tretinoin products. Not currently listed in the Pharmaceutical Schedule.

**SCHEDULE TWO: PRODUCTS TO BE TENDERED (DRAFT)**

Chemical Name							
Line Item	Units	Cost	Unit Subsidy		DV Limit	Comments	
<b>Tramadol hydrochloride</b>							
<u>Cap 50 mg</u>					H 1%		
<u>Inj 50 mg per ml, 1 ml</u>					H 1%		
<u>Inj 50 mg per ml, 2 ml</u>					H 1%		
<u>Tab sustained release 100 mg</u>					H 1%		
<u>Tab sustained release 150 mg</u>					H 1%		
<u>Tab sustained release 200 mg</u>					H 1%		
<b>Trandolapril</b>							
Cap 1 mg	36,268	\$3,964	\$0.1093	*	C H	1%	
Cap 2 mg	46,194	\$7,308	\$0.1582	*	C H	1%	
Tab 4 mg					C H	1%	Not currently listed in the Pharmaceutical Schedule
<b>Travoprost</b>							
Eye drops 0.004%	87,048	\$678,974	\$7.8000		C H	1%	
<b>Triamcinolone Acetonide</b>							
<u>0.1% in Dental Paste USP</u>	86,085	\$77,477	\$0.9000		C H	1%	
<u>Crn 0.02%</u>	468,062	\$30,190	\$0.0645		C H	1%	
Inj 10 mg per ml, 1 ml	3,976	\$8,835	\$2.2220		C H	1%	
Inj 10 mg per ml, 5 ml	83	\$856	\$10.3100		C H	1%	
Inj 40 mg per ml, 1 ml	54,507	\$306,220	\$5.6180		C H	1%	
<u>Oint 0.02%</u>	167,482	\$10,803	\$0.0645		C H	1%	
<b>Triamcinolone Acetonide with Gramicidin, Neomycin and Nystatin</b>							
Crn 1 mg with nystatin 100,000 u, neomycin sulphate 2.5 mg and gramicidin 250 mcg per g	518,437	\$120,640	\$0.2327	*	C H	1%	
<u>Oint 1 mg with nystatin 100,000 u, neomycin sulphate 2.5 mg and gramicidin 250 mcg per g</u>	269,242	\$53,848	\$0.2000		C H	1%	
<b>Triamterene with Hydrochlorothiazide</b>							
Tab 50 mg with hydrochlorothiazide 25 mg	488,921	\$24,446	\$0.0500		C H	1%	
<b>Triazolam</b>							
<u>Tab 125 mcg</u>	1,614,028	\$82,315	\$0.0510		C H	1%	
<u>Tab 250 mcg</u>	2,530,217	\$103,739	\$0.0410		C H	1%	
<b>Trimethoprim</b>							
Oral liq					C H	1%	
<u>Tab 300 mg</u>	1,090,902	\$172,363	\$0.1580		C H	1%	
<b>Trimipramine Maleate</b>							
<u>Cap 25 mg</u>	831,275	\$45,720	\$0.0550		C H	1%	
<u>Cap 50 mg</u>	460,978	\$47,020	\$0.1020		C H	1%	
<b>Urea</b>							
<u>Crn 10%</u>	9,950,000	\$250,740	\$0.0252		C H	1%	
<b>Ursodeoxycholic Acid</b>							
<u>Cap 250 mg - 300 mg</u>	272,261	\$735,050	\$2.6998		C H	1%	Bids would be accepted for a tablet within this strength range
<b>Vancomycin Hydrochloride</b>							
Cap 125 mg					C H	1%	Not currently listed in the Pharmaceutical Schedule
Cap 250 mg					C H	1%	Not currently listed in the Pharmaceutical Schedule
<u>Inj 50 mg per ml, 10 ml</u>	2,261	\$10,627	\$4.7000		C H	1%	

**SCHEDULE TWO: PRODUCTS TO BE TENDERED (DRAFT)**

<b>Chemical Name</b>							
<b>Line Item</b>	<b>Units</b>	<b>Cost</b>	<b>Unit Subsidy</b>		<b>DV Limit</b>	<b>Comments</b>	
<b>Verapamil Hydrochloride</b>							
<u>Tab long-acting 120 mg</u>	2,037,006	\$123,850	\$0.0608		C H	1%	
<b>Vinblastine Sulphate</b>							
Inj 10 mg			\$27.5000		C H PCT	1%	
<b>Vitamin A with Vitamins D and C</b>							
Soln 1000 u with Vitamin D 400 u and ascorbic acid 30 mg per 10 drops	154,883	\$67,839	\$0.4380	*	C H	1%	
<b>Voriconazole</b>							
Inj 200 mg					H	1%	
Tab 50 mg					H	1%	
Tab 200 mg					H	1%	
<b>Wool Fat with Mineral Oil</b>							
Lotn hydrous 3% with mineral oil	11,692,772	\$65,480	\$0.0056	*	C H	1%	A range of pack sizes are required for this line item
<b>Zidovudine (AZT)</b>							
Cap 100 mg	38,376	\$111,290	\$2.9000		+ C H	1%	
Inj 200 mg per ml, 20 ml					+ H	1%	
Oral liq 10 mg per ml	176,034	\$51,050	\$0.2900		+ C H	1%	
<b>Zinc</b>							
Crm BP	169,067	\$2,215	\$0.0131	*	C H	1%	
<b>Zinc and Castor Oil</b>							
<u>Oint BP</u>	9,645,382	\$98,383	\$0.0102		C		
<b>Zinc Sulphate</b>							
<u>Cap 220 mg</u>	432,069	\$38,886	\$0.0900		C H	1%	
<b>Zopiclone</b>							
<u>Tab 7.5 mg</u>	12,087,924	\$535,495	\$0.0443		C H	1%	

## Schedule 3: Tender Process

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### 1. General

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#### 1.1 Sole Supply Period and Hospital Supply Status Period

- (a) Hospital Tender Bids are to be submitted on the basis that if your Hospital Tender Bid is accepted, you will have Hospital Supply Status for the particular Tender Item for the Hospital Supply Status Period.
- (b) Community Tender Bids are to be submitted on the basis that if your Community Tender Bid is accepted, you will have Sole Supply Status for the particular Tender Item for the Sole Supply Period.
- (c) Combined Community/Hospital Tender Bids are to be submitted on the basis that if your Combined Community/Hospital Tender Bid is accepted, you will have Hospital Supply Status for the particular Tender Item for the Hospital Supply Status Period and Sole Supply Status for the particular Tender Item for the Sole Supply Period.

#### 1.2 Transition Periods

- (a) In relation to hospital supply:
  - (i) there will be two Transition Periods (the First Transition Period and the Final Transition Period) during which the successful tenderer's brand is to be available for supply and purchased by DHB Hospitals;
  - (ii) the First Transition Period is intended to allow for an orderly transition to the arrangements that will apply during the Hospital Supply Status Period;
  - (iii) the Final Transition Period is intended to allow for an orderly transition to any new arrangements following the end of the Hospital Supply Status Period;
  - (iv) DHB Hospitals may purchase DV Pharmaceuticals at any time within the First Transition Period and Final Transition Period without any requirement to comply with the DV Limit.
- (b) Subject to paragraph (d) below, in relation to community supply:
  - (i) there will be three Transition Periods (the First Transition Period, the Second Transition Period and the Final Transition Period) during which the successful tenderer's brand is to be available for supply and subsidised, but may not be the sole subsidised brand of that Tender Item;
  - (ii) the First Transition Period and Second Transition Period are intended to allow for an orderly transition to the arrangements that will apply during the Sole Supply Period;
  - (iii) the Final Transition Period is intended to allow for an orderly transition to any new arrangements following the end of the Sole Supply Period.
- (c) In relation to community and/or hospital supply, PHARMAC may, in its sole discretion:
  - (i) determine a different commencement date for the First Transition Period and/or Second Transition Period, as applicable, including where it considers that a

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different commencement date is necessary to ensure appropriate stock management or appropriate supply of the Tender Item; and/or

- (ii) extend the period of the First Transition Period and/or Second Transition Period, as applicable, by determining a different end date, and may do so before or after the commencement date of the relevant First Transition Period or Second Transition Period. For the avoidance of doubt, in the event that PHARMAC extends the Second Transition Period under this clause 1.2(c)(ii):
  - (A) the delisting of all other brands of that form and strength of the Chemical Entity is to be deferred until the actual commencement date of the Sole Supply Period, notwithstanding any date previously notified to suppliers by PHARMAC as being the intended date of delisting;
  - (B) all other brands of that form and strength of the Chemical Entity are to remain listed in accordance with the terms of any existing contract between PHARMAC and the particular pharmaceutical supplier in respect of the relevant brand(s) until such time as that supplier's brand of that form and strength of the Chemical Entity is actually delisted.
- (d) In relation to community supply, if the successful tenderer's brand is the only brand of the Tender Item listed on the Pharmaceutical Schedule as at the Market Notification Date, then the First Transition Period and clause 1.1(a) of Schedule Five will not apply and, subject to paragraph (c) above, the Second Transition Period is to begin on the first day of the second month following the date of such notification.
- (e) For the avoidance of doubt, any notification by PHARMAC of the delisting of all other brands of that form and strength of the Chemical Entity on the first day of the Sole Supply Period operates solely as advance notice of the intended delisting of those pharmaceuticals and does not constitute a notice of termination of any existing contract for the supply of those other brands.

### 1.3 Contract

If PHARMAC accepts your:

- (a) Community Tender Bid, then a contract on the terms and conditions set out in:
  - (i) your Tender Bid (incorporating any variations as a result of negotiations or discussions under clause 1.6 of this Schedule); and
  - (ii) Schedule Four; and
  - (iii) Schedule Five,will be deemed to have been entered into between you and PHARMAC for Sole Supply Status for the relevant Pharmaceutical and, where applicable, its listing on the Pharmaceutical Schedule;
- (b) Hospital Tender Bid, then a contract on the terms and conditions set out in:
  - (i) your Tender Bid (incorporating any variations as a result of negotiations or discussions under clause 1.6 of this Schedule); and
  - (ii) Schedule Four; and
  - (iii) Schedule Six,

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will be deemed to have been entered into between you and PHARMAC for Hospital Supply Status for the relevant Pharmaceutical and, where applicable, its listing on the Pharmaceutical Schedule;

(c) Combined Community/Hospital Tender Bid, then:

(i) a contract on the terms and conditions set out in:

(A) your Tender Bid, to the extent applicable (incorporating any variations as a result of negotiations or discussions under clause 1.6 of this Schedule); and

(B) Schedule Four; and

(C) for the Community Tender Bid element of that Combined Community/Hospital Tender Bid, Schedule Five,

will be deemed to have been entered into between you and PHARMAC for Sole Supply Status for the relevant Pharmaceutical and, where applicable, its listing on the Pharmaceutical Schedule; and

(ii) a separate contract on the terms and conditions set out in:

(A) your Tender Bid, to the extent applicable (incorporating any variations as a result of negotiations or discussions under clause 1.6 of this Schedule); and

(B) Schedule Four; and

(C) for the Hospital Tender Bid element of that Combined Community/Hospital Tender Bid, Schedule Six,

will be deemed to have been entered into between you and PHARMAC for Hospital Supply Status for the relevant Pharmaceutical and, where applicable, its listing on the Pharmaceutical Schedule.

For the avoidance of doubt, the terms and conditions specified in Schedule Four, Schedule Five and Schedule Six, as applicable, apply from the date when PHARMAC notifies you in accordance with clause 7.2 of this Schedule of its acceptance of your Tender Bid, and do not apply solely for the Sole Supply Period or Hospital Supply Status Period, as applicable.

#### 1.4 Extension of Hospital Supply Status to include Sole Supply Status

(a) You acknowledge and agree that if your Hospital Tender Bid is for a Tender Item that is specified in the product list in clause 2 of Schedule Two and the Electronic Portal as being a Tender Item for which you may submit a Tender Bid for Sole Supply Status, you may agree (such consent not to be unreasonably withheld), if so requested by PHARMAC:

(i) if PHARMAC has not yet accepted a Hospital Tender Bid for the particular Tender Item, to extend your Tender Bid to cover community supply; or

(ii) if PHARMAC has accepted your Hospital Tender Bid for the particular Tender Item, to supply the Tender Item for use in the community under Sole Supply Status as soon as practicable after such requirement is notified to you, and in any case no later than three months after that notification, under a separate contract for Sole Supply Status.

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- (b) The Community Tender Bid referred to in paragraph (a)(i) above and the contract for Sole Supply Status referred to in paragraph (a)(ii) above will be:
  - (i) at a price that is equal to the Price specified for that Pharmaceutical in your Hospital Tender Bid; and
  - (ii) on the other terms and conditions set out in your Hospital Tender Bid (incorporating any variations as a result of negotiations or discussions under clause 1.6 of this Schedule), as applicable; and
  - (iii) for supply in accordance with Schedules Four and Five; and
  - (iv) for such quantities of the Pharmaceutical as are required for use in the community.
- (c) This clause confers a benefit on, and is enforceable by, the Funder in accordance with the Contracts (Privity) Act 1982.

#### 1.5 Extension of Sole Supply Status to include Hospital Supply Status

- (a) You acknowledge and agree that if your Community Tender Bid is for a Tender Item that is specified in the product list in clause 2 of Schedule Two as being a Tender Item for which you may submit a Tender Bid for Hospital Supply Status, you may agree (such consent not to be unreasonably withheld), if so required by PHARMAC:
  - (i) if PHARMAC has not yet accepted a Community Tender Bid for the particular Tender Item, to extend your Tender Bid to cover hospital supply; or
  - (ii) if PHARMAC has accepted your Community Tender Bid for the particular Tender Item, to supply the Tender Item for use in DHB Hospitals under Hospital Supply Status as soon as practicable after such requirement is notified to you, and in any case no later than three months after that notification, under a separate contract for Hospital Supply Status.
- (b) The Hospital Tender Bid referred to in paragraph (a)(i) above and the contract for Hospital Supply Status referred to in paragraph (a)(ii) above will be:
  - (i) at a price that is equal to the Price specified for that Pharmaceutical in your Community Tender Bid; and
  - (ii) on the other terms and conditions set out in your Community Tender Bid (incorporating any variations as a result of negotiations or discussions under clause 1.6 of this Schedule), as applicable; and
  - (iii) for supply in accordance with Schedules Four and Six; and
  - (iv) for such quantities of the Pharmaceutical as are required for use in DHB Hospitals.
- (c) This clause confers a benefit on, and is enforceable by, DHB Hospitals in accordance with the Contracts (Privity) Act 1982.

#### 1.6 PHARMAC may initiate limited negotiations

- (a) Notwithstanding clause 2.7 of this Schedule, PHARMAC may, in its sole discretion, initiate negotiations or discussions with you in relation to your Tender Bid about:

### Schedule 3

- (i) any of the terms and conditions to apply if your Tender Bid is accepted;
  - (ii) the proposed packaging or pack size of the Tender Item;
  - (iii) your ability to ensure continued availability of the Tender Item throughout the Hospital Supply Status Period and/or Sole Supply Period, as applicable;
  - (iv) the price of the Tender Item, but only where PHARMAC determines, in its sole discretion, that an increased price for the Tender Item may be necessary for practicality of supply of the Tender Item (for example, because of particular packaging requirements);
  - (v) DV Limits and/or DV Pharmaceuticals, in relation to hospital supply;
  - (vi) the Lead Time and/or the Start Date; or
  - (vii) any other matter that PHARMAC considers necessary or appropriate.
- (b) If PHARMAC initiates negotiations or discussions with you under paragraph (a), and as a result there is a change to any of the terms and conditions relating to the supply of a Tender Item, PHARMAC is not obliged to inform the other tenderers of that change, nor give those tenderers an opportunity to amend their bid for that Tender Item, unless the change is one which would result in the terms and conditions being materially different in scope from those set out in this Invitation.
- (c) The initiation and pursuit of any negotiations or discussions under this clause shall not constitute a counter-offer and your original Tender Bid will remain open for acceptance in accordance with clause 4.2(b) of this Schedule in the absence of agreement on any variation to that Tender Bid.

#### 1.7 Termination and amendment of Invitation

PHARMAC may:

- (a) amend this Invitation at any time up to five business days before the Deadline; and/or
- (b) terminate this Invitation at any time before the acceptance of any Tender Bid by giving five business days' written notice.

## 2. Information about submitting a Tender Bid

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### 2.1 Choice of forms and strengths

Where a Tender Item includes different forms and strengths of a Chemical Entity or entities, your Tender Bid may, but does not need to, include all of the forms and strengths of the Chemical Entity or entities contained in that Tender Item.

### 2.2 Consents not yet held

You may submit a Tender Bid for a Tender Item where your brand of the Tender Item is yet to obtain all necessary Consents. In those circumstances, you may be required to demonstrate your ability to obtain those consents within a time frame acceptable to PHARMAC. For example, you may be required to demonstrate that you have the dossier for that brand of the Tender Item ready to submit to Medsafe within one month of such a request being made by PHARMAC.

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### 2.3 Individual Tender Bids

You may submit more than one bid for a Tender Item (for example, you may submit separate bids for different pack sizes of a Tender Item).

### 2.4 Aggregated Tender Bids

- (a) You may, in addition to submitting a separate Tender Bid for each Tender Item, submit an Aggregated Tender Bid, provided that:
- (i) each brand contained in an Aggregated Tender Bid is only a different form and strength of the same Chemical Entity;
  - (ii) you may not aggregate within a single Tender Item;
  - (iii) you must also submit a separate Community Tender Bid and/or Hospital Tender Bid, as applicable, for each particular Tender Item.
- (b) Where a Tender Item includes different forms and strengths of a Chemical Entity or different entities and you bid for the whole Tender Item, that is not an Aggregated Tender Bid.

### 2.5 Combined Community/Hospital Tender Bids

You may submit a Combined Community/Hospital Tender Bid, provided that you must also submit a separate Community Tender Bid and a separate Hospital Tender Bid for each Tender Item in respect of which you submit a Combined Community/Hospital Tender Bid.

### 2.6 Aggregated Combined Community/Hospital Tender Bids

You may submit a Tender Bid that is both an Aggregated Tender Bid and a Combined Community/Hospital Tender Bid, provided that you comply with clauses 2.4 and 2.5 above.

### 2.7 No conditions

You cannot make a conditional Tender Bid nor qualify a Tender Bid in any way.

### 2.8 Separate offers

PHARMAC will treat each Tender Bid as a separate offer.

### 2.9 Tender Bid prices

You must submit, for each Tender Bid, a single price in New Zealand dollars (exclusive of GST), which will be the Price at which you will supply the Tender Item.

## 3. What to include in your Offer Letter and Tender Submission Form

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### 3.1 Compulsory use of Offer Letter and Tender Submission Form

- (a) You must submit your Tender Bid using the Electronic Portal and attach an Offer Letter and a completed Tender Submission Form for each Tender Item for which you wish to submit a bid.

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- (b) An electronic version of the Offer Letter is available on disc from PHARMAC or on PHARMAC's website at [www.pharmac.govt.nz](http://www.pharmac.govt.nz).

#### 3.2 Information that must be supplied about you

In the Offer Letter, you must supply the following information about you:

- (a) your company structure;
- (b) your management and technical skills;
- (c) your financial resources;
- (d) your (or your supplier's) existing supply commitments;
- (e) your (or your supplier's) previous supply performance; and
- (f) your quality assurance processes, where applicable.

#### 3.3 Information that must be supplied about the Tender Item

In your Tender Submission Form, you must supply the following information about the Tender Item:

- (a) the chemical, form, strength, brand name, pack size and type of packaging;
- (b) a single price in New Zealand dollars (exclusive of GST) at which you will supply the Tender Item:
  - (i) to wholesalers and other distributors during the Sole Supply Period in respect of a Community Tender Bid; or
  - (ii) to, at a DHB Hospital's discretion, Designated Delivery Points, and/or Contract Manufacturers (expressly for the purpose of compounding), in respect of a Hospital Tender Bid;
- (c) whether it has all necessary Consents (and if not, what the status of registration is);
- (d) the Lead Time for supply of the Tender Item;
- (e) the name and location of:
  - (i) the manufacturer(s) of the finished product (and name and location of the packaging site, if different); and
  - (ii) the manufacturer(s) of the active ingredients; and
  - (iii) alternative manufacturers of the finished product and active ingredients (if any);
- (f) your proposed distribution and supply arrangements for the Tender Item.

#### 3.4 PHARMAC may request further information

- (a) PHARMAC may request such further information as it considers necessary from or about you for the purposes of clarifying or evaluating your Tender Bid, including (but not limited to):

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- (i) information about your credit status;
  - (ii) information on the price of a Tender Item, but only where PHARMAC requires clarification to confirm the exact price being offered, or where PHARMAC initiates negotiations with you under clause 1.6 of this Schedule;
  - (iii) where a Tender Item is a controlled drug, information about the form in which the Tender Item will be supplied, in which case you must supply that information within 10 business days of PHARMAC requesting the information; and
  - (iv) a sample pack or container of the Tender Item (and if you intend supplying it in a different form from that sample pack or container, information about the form in which it will be supplied), in which case you must supply that sample pack or container or information within 10 business days of PHARMAC requesting it.
- (b) If PHARMAC requests further information from or about you it is not obliged to request the same or any other information from or about any other party.

## 4. How to submit a Tender Bid

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### 4.1 Submission of Tender Bids

All Tender Bids must be submitted via the Electronic Portal. A login and passwords will be electronically supplied to you when the Invitation is issued. If you do not receive a login and passwords you will need to contact PHARMAC so that arrangements can be made to provide you with these. Tender Bids or any copies of Tender Bids should not be delivered in person, by courier, by post, by facsimile or by email to PHARMAC.

### 4.2 Key dates

Your Tender Bid must:

- (a) be submitted via the Electronic Portal by no later than the Deadline; and
- (b) be irrevocable and remain open for acceptance by PHARMAC until, as applicable:
  - (i) Wednesday, 3 September 2008;
  - (ii) the date specified for a Tender Item in Schedule Two or on the Electronic Portal (if any); or
  - (iii) if PHARMAC so requests at any time, such later date as you agree in writing.

## 5. Evaluation

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### 5.1 Process of evaluation

The Evaluation Committee, taking such regulatory, legal, medical and other advice as it considers appropriate, will evaluate all conforming Tender Bids that have been checked for conformity under clause 6(a) of this Schedule, and any non-conforming Tender Bids that are admitted for consideration under clause 6(b) of this Schedule.

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### 5.2 Matters for evaluation

The matters to be taken into account by the Evaluation Committee, the weight to be attached to them, and the basis on which it will evaluate Tender Bids, are all to be determined by the Evaluation Committee in its sole discretion. The matters taken into account by the Evaluation Committee will, however, include:

- (a) your ability to ensure continued availability of the Tender Item throughout the Sole Supply Period and/or Hospital Supply Status Period and each of the Transition Periods, as applicable, taking into account each of the following separate points:
  - (i) your financial resources;
  - (ii) your management and technical skills;
  - (iii) your, or your supplier's, existing supply commitments;
  - (iv) your, or your supplier's, previous supply performance;
  - (v) your quality assurance processes, where applicable;
  - (vi) the site of manufacture and packaging of the Pharmaceutical, and site of manufacture of the active ingredient;
  - (vii) your proposed distribution and supply arrangements for the Tender Item; and
  - (viii) the Lead Time for supply of the Tender Item;
- (b) the pack size of the Tender Item and the type of packaging;
- (c) the price of the Tender Item;
- (d) the amount and timing of savings, including non-pharmaceutical savings accruing to the Funder or PHARMAC during the Hospital Supply Status Period and/or the Second Transition Period and the Sole Supply Period, as applicable;
- (e) either:
  - (i) evidence that you have obtained, and still have, market approval for your brand of the Tender Item, and all necessary Consents; or
  - (ii) evidence that will enable the Evaluation Committee to form a view on the likelihood and timing of your brand of the Tender Item gaining all necessary Consents;
- (f) the name and location of the manufacturer of the finished product and active ingredients of the Tender Item; and
- (g) any other benefits to the Funder of selecting you as the supplier of the Tender Item.

## 6. Conformity

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- (a) PHARMAC may, in its sole discretion, check your Tender Bid for conformity with this Invitation. If PHARMAC does elect to check your Tender Bid, it is not obliged to check all or any other Tender Bids for conformity. A Tender Bid will conform if it:

### Schedule 3

- (i) is submitted via the Electronic Portal by the Deadline;
  - (ii) is submitted on the Tender Submission Form and an Offer Letter is attached;
  - (iii) has no conditions or qualifications attached;
  - (iv) includes all information required under clauses 3.2 and 3.3 of this Schedule; and
  - (v) otherwise complies, both as to form and substance, with the requirements of this Invitation.
- (b) PHARMAC may, in its sole discretion:
- (i) exclude any non-conforming Tender Bid from consideration; or
  - (ii) consider, and accept, any non-conforming Tender Bid.

## **7. Decision**

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### **7.1 Decision on acceptance of Tender Bid**

- (a) The Evaluation Committee will make a recommendation as to which Tender Bid should be accepted to PHARMAC's board of directors (or chief executive acting under delegated authority pursuant to section 73 of the Crown Entities Act 2004, where applicable).
- (b) PHARMAC's board of directors (or chief executive, where applicable) will have the sole discretion to decide whether or not to accept a Tender Bid for any Tender Item.
- (c) PHARMAC's board of directors (or chief executive, where applicable):
  - (i) will use the decision criteria in PHARMAC's then current OPPs, including the Hospital Pharmaceuticals Supplement, as applicable, in deciding whether or not to accept a Tender Bid for any Tender Item; and
  - (ii) is not obliged to act in accordance with any recommendation of the Evaluation Committee.

### **7.2 Notification of acceptance**

- (a) Once PHARMAC's board of directors (or chief executive, where applicable) has decided under clause 7.1 above which Tender Bid (if any) to accept for a Tender Item, PHARMAC will, within a reasonable period of time, notify the successful tenderer in writing that it has been successful and in addition:
  - (i) subject to paragraph (b) below, if the successful Tender Bid is unconditionally accepted, PHARMAC will, within a reasonable period of time, notify each unsuccessful tenderer in writing of the identity of the successful tenderer; or
  - (ii) subject to paragraph (b) below, if the successful Tender Bid is conditionally accepted, PHARMAC will, within a reasonable period of time of that tender becoming unconditionally accepted, notify each unsuccessful tenderer in writing of the identity of the successful tenderer.
- (b) If for any reason you do not receive written notification from PHARMAC in accordance with paragraph (a) above, you will be deemed to have received the required notification

### Schedule 3

on the date that each Tender Item you bid for is notified in the Pharmaceutical Schedule.

#### 7.3 PHARMAC's rights reserved

- (a) PHARMAC reserves the right to accept or reject any Tender Bid, and is not obliged to give reasons for its decision.
- (b) While it is PHARMAC's current intention, unless specified otherwise in Schedule Two or the Electronic Portal, to enter into an agreement to award Hospital Supply Status and/or Sole Supply Status for each Tender Item, PHARMAC will not in any circumstances be bound to accept any or all Tender Bids and, in particular, PHARMAC will not be bound to accept the lowest or any other Tender Bid for a Tender Item.
- (c) Acceptance only occurs if, and when, PHARMAC's board of directors (or chief executive, where applicable) resolves to accept a Tender Bid and this acceptance is notified to the successful tenderer.
- (d) PHARMAC may take any action, including making any adjustments to the tender process that it considers appropriate (provided that it notifies tenderers materially affected by such adjustments), or do anything, that is incidental to the process described in this Invitation, at any time during the process, except to the extent that such action is explicitly precluded by this Invitation.
- (e) PHARMAC may, at any time, suspend or cancel in whole or in part, this tender process in order to fulfil its public law obligations through consultation, or otherwise. In this situation PHARMAC may (without limitation) ask you to adapt and resubmit your Tender Bid in light of consultation, or alternatively we may request that new Tender Bids be submitted (or in the case of a suspension PHARMAC may also resume the tender process without further change following the end of the period of suspension).

#### 7.4 Conditional acceptance

- (a) Where the successful tenderer's brand of a Tender Item is yet to receive all necessary Consents:
  - (i) the contract referred to in clause 1.3 of this Schedule will be conditional upon such Consents being received within a time period specified by PHARMAC; and
  - (ii) PHARMAC may terminate the contract if such Consents have not been obtained, or in PHARMAC's view are unlikely to be obtained, within the period specified by PHARMAC.
- (b) Acceptance of a Tender Bid by PHARMAC's board of directors (or chief executive, where applicable), and the contract referred to in clause 1.3 of this Schedule may be conditional upon you satisfying PHARMAC that you will have sufficient stock of the Tender Item available to commence supply as at a date reasonably determined by PHARMAC.

### 8. Back-up supply

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#### Back-up Supply Agreements

- (a) PHARMAC may at any time negotiate a Back-up Supply Agreement with another supplier for any Tender Item.

### Schedule 3

- (b) PHARMAC may, at its sole discretion, seek proposals for Back-up Supply Agreements under a separate process to this Invitation to Tender. PHARMAC does not seek submissions for Back-up Supply Agreements in response to this Invitation to Tender and is not obliged to consider proposals or bids for back-up supply submitted as part of the tender process.

## 9. Dealing with information

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### 9.1 Confidentiality

Subject to clause 9.2 below, all Confidential Information is confidential to us and our employees, legal advisers, electronic procurement providers and other consultants (including HPAC, PTAC and its sub-committees), the Ministry of Health, DHBs and the Funder. You acknowledge that it may be necessary or appropriate for PHARMAC to disclose Confidential Information:

- (a) pursuant to the Official Information Act 1982; or
- (b) in publicly notifying any acceptance of your Tender Bid; or
- (c) otherwise pursuant to PHARMAC's public law or any other legal obligations.

PHARMAC may consult with you before deciding whether to disclose Confidential Information for the purposes described in paragraphs (a) and (c) above, in order to ascertain any objections you may have to the disclosure of any of the Confidential Information. You acknowledge, however, that it is for PHARMAC to decide, in its absolute discretion, whether it is necessary or appropriate to disclose information for any of the above purposes, provided that PHARMAC shall act in good faith in disclosing any Confidential Information. Outside the circumstances described in paragraphs (a) and (c) above, Confidential Information must not be disclosed by either of us (or by our employees, legal advisers and other consultants) unless:

- (d) the information is publicly available without any cause attributable to the disclosing party; or
- (e) the other party has been reasonably informed prior to disclosure, and the disclosure is:
  - (i) for the purposes of this Agreement; or
  - (ii) required by law; or
  - (iii) in a form, and of content, agreed to by us.

For the avoidance of doubt, information released by PHARMAC in accordance with paragraphs (a) to (c) above ceases to be Confidential Information and you agree that PHARMAC may release that information again at any time in future without consulting with you or obtaining your prior agreement.

### 9.2 Use of information

Generalised aggregated information regarding your Tender Bid that does not identify you or that can not reasonably be expected to identify you or lead to the connection of you with your Tender Bid is not Confidential Information and PHARMAC may use and publish such information as it sees fit.

## Schedule 3

### 10. Miscellaneous

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#### 10.1 Process contract

In submitting a Tender Bid, you agree that you and PHARMAC are contractually bound to follow the process and comply with the obligations expressly contained in this Invitation.

#### 10.2 Costs

PHARMAC is not liable in any way whatsoever for any direct or indirect costs incurred, or loss (including loss of profit) or damage sustained, by you in respect, or arising out, of this tendering process or the obtaining or granting of Hospital Supply Status and/or Sole Supply Status, as applicable, for your supply of the Tender Item including, without limitation, costs of obtaining all necessary Consents for any Tender Item.

#### 10.3 No reliance

Your Tender Bid is submitted in reliance on your own knowledge, skill and independent advice, and not in reliance on any representations made by PHARMAC (including for these purposes the sales and market information (if any) provided in Schedule Two or the Electronic Portal).

#### 10.4 No further liability

PHARMAC is not, in any event, liable in contract, tort or any other way whatsoever for any direct or indirect loss (including loss of profit), damage or cost of any kind incurred by you or any other person in relation to this tendering process.

#### 10.5 No lobbying

- (a) You are not to initiate any communication with PHARMAC, the Minister of Health (or any Associate Ministers), the Ministry of Health, or a District Health Board or any of their officers or directors, at any time with a view to influencing the outcome of the tendering process.
- (b) Failure to comply with this clause will entitle PHARMAC, in its sole discretion, to disqualify you from this tendering process.

#### 10.6 Enquiries

If you have any enquiries about this Invitation you should contact Mike Bignall or Andrew Davies at PHARMAC. Any additional information that PHARMAC gives to you as a result of your enquiry will also be given by PHARMAC to other potential tenderers, if PHARMAC determines that such information is material.

#### 10.7 Jurisdiction and governing law

We each submit to the exclusive jurisdiction of the New Zealand courts and agree that this Invitation is governed by New Zealand law.

## Schedule 4: Contract terms for both Sole Supply Status and Hospital Supply Status

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### 1. General

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#### 1.1 Operating Policies and Procedures

- (a) You acknowledge that:
- (i) PHARMAC is required to pursue the objectives, carry out the functions, and otherwise comply with the statutory obligations, prescribed for PHARMAC in the New Zealand Public Health and Disability Act 2000;
  - (ii) PHARMAC is subject to other statutory and public law obligations, which govern PHARMAC's decision-making processes;
  - (iii) PHARMAC has OPPs, as supplemented by the Hospital Pharmaceuticals Supplement, which provide guidance on the way in which PHARMAC carries out its statutory responsibilities in relation to the management of the Pharmaceutical Schedule;
  - (iv) PHARMAC's OPPs may be amended or updated from time to time, following consultation with relevant groups;
  - (v) the actions which PHARMAC may take under its OPPs include (without limitation):
    - (A) listing new pharmaceuticals;
    - (B) changing guidelines or restrictions on the purchasing, prescribing and dispensing of listed pharmaceuticals;
    - (C) changing the subsidy levels and/or market dynamics for pharmaceuticals as a result of PHARMAC adopting one of the strategies set out in the OPPs or by any other means;
    - (D) amending the basis on which pharmaceuticals are classified into therapeutic groups and sub-groups;
    - (E) delisting pharmaceuticals, or delisting all or part of a therapeutic group or sub-group;
  - (vi) any action taken by PHARMAC pursuant to its OPPs may impact on the listing of the Pharmaceutical.
- (b) PHARMAC agrees not to apply, amend or update its OPPs in order to avoid any of PHARMAC's obligations under this Agreement.

#### 1.2 Amendments to Pharmaceutical Schedule

PHARMAC will consult with you before amending the Pharmaceutical Schedule if a proposed amendment would have a material adverse effect on the listing of the Pharmaceutical.

### 2. Crown Direction

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- (a) You acknowledge that PHARMAC must comply with any Crown Direction.

## Schedule 4

- (b) PHARMAC may terminate or amend the Agreement, or impose restrictions on the prescribing or dispensing of a Pharmaceutical, at any time during the Sole Supply Period or the Hospital Supply Status Period (as applicable) or the Transition Periods, if the termination, amendment or imposition of restrictions is required to give effect to a Crown Direction.
- (c) In the event that a Crown Direction is issued to PHARMAC that requires an amendment to be made to this Agreement to give effect to that direction:
  - (i) PHARMAC will give you as much notice as practicable of the Crown Direction and of any amendments to this Agreement that are required to give effect to that direction;
  - (ii) the Agreement will be deemed to be amended so as to give effect to the Crown Direction from the date when such direction is due to take effect; and
  - (iii) you may terminate this Agreement on not less than six months' written notice to PHARMAC where the effect of the amendment required under sub-paragraph (ii) above is such that it is no longer viable, financially or otherwise, for you to continue supplying the Pharmaceutical or to perform your obligations under this Agreement.

### 3. Audit

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- (a) PHARMAC may, from time to time, review your records and any other information you hold that relates to this Agreement with regard to stock levels, registration information and supply issues, for the purposes of auditing your compliance with this Agreement. In these circumstances, PHARMAC, in consultation with you, will determine the terms and manner of any such audit, which as a minimum, must include the following:
  - (i) the audit will be conducted by an auditor authorised by PHARMAC;
  - (ii) you agree to co-operate fully with PHARMAC and provide PHARMAC and the auditor with all reasonable assistance to ensure that any audit conducted under this clause is fully and properly completed to PHARMAC's satisfaction, including:
    - (A) allowing the auditor access to your premises, records and other information you hold that relates to this Agreement with regard to stock levels, registration information and supply issues for the purposes of, and during the course of, conducting the audit;
    - (B) answering promptly any questions from PHARMAC or the auditor concerning any aspect of your compliance with this Agreement;
  - (iii) PHARMAC will give you 10 business days' notice of its intention to conduct an audit under this clause and will ensure that the conduct of any such audit, and access in terms of sub-paragraph (A) above, does not unreasonably disrupt your business operations.
- (b) PHARMAC will notify you in writing if an audit under this clause reveals any non-compliance with this Agreement. You agree to remedy any non-compliance within 10 business days of receiving such notice from PHARMAC or such other period as agreed with PHARMAC.
- (c) In relation to Hospital Supply Status, PHARMAC will use its best endeavours to audit compliance by DHB Hospitals with the DV Limits and related requirements set out under this Agreement.

## Schedule 4

### 4. Miscellaneous

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#### 4.1 Litigation support

If this Agreement or its terms (including the basis on which the Pharmaceutical is listed):

- (a) give rise to proceedings being issued against PHARMAC; or
- (b) result in PHARMAC being made a party to any proceedings issued by a third party,

you will give PHARMAC all assistance it reasonably requires to gather evidence (including expert medical and clinical evidence) for the purpose of those proceedings.

#### 4.2 Dispute resolution

If there is a dispute between us arising out of, or in connection with, this Agreement, neither of us is to commence any proceedings relating to that dispute until the following procedure has been complied with:

- (a) the party claiming a dispute has arisen must give written notice to the other party specifying the nature of the dispute;
- (b) we will endeavour, in good faith, to resolve the dispute referred to in the notice by using informal dispute resolution techniques;
- (c) if we do not agree on a dispute resolution technique within 14 days after the date notice of a dispute was given, the dispute is to be mediated according to the standard mediation agreement of LEADR New Zealand Incorporated (Lawyers Engaged in Alternative Dispute Resolution), and the Chair of LEADR (or the Chair's nominee) will select the mediator and determine the mediator's remuneration;
- (d) a party seeking urgent interlocutory relief may, by notice to the other party, elect not to comply with the provisions of this clause, but only to the extent of the relief sought, and only for the period required to dispose of the application for interlocutory relief; and
- (e) pending resolution of the dispute, this Agreement will remain in full effect without prejudicing our respective rights and remedies.

For the avoidance of doubt you acknowledge and agree that where a dispute arises in respect of hospital supply, PHARMAC may elect to involve any relevant DHB in any part, or all, of the above procedure.

#### 4.3 Advertising

You must ensure that any Advertisement aimed at consumers of pharmaceuticals which you procure to be published, or in any way participate or assist in publishing, does not breach any applicable:

- (a) statute or regulation, including the Fair Trading Act 1986, Medicines Act 1981 and Medicines Regulations 1984; or
- (b) industry standard, including the Advertising Standards Authority Codes of Practice and the Researched Medicines Industry Code of Practice.

For the purposes of this clause:

## Schedule 4

- (c) **"Advertisement"** means any words, whether written, printed or spoken, any pictorial representation or design, any sounds or visual images, or combination of sounds and visual images, or any other form of communication used or appearing to be used to promote:
- (i) the sale of a Pharmaceutical; or
  - (ii) the use of a method of treatment involving a Pharmaceutical; and
- (d) references to a statute, regulation or industry standard include that statute, regulation or industry standard as amended or replaced from time to time.

### 4.4 No derogation

For the avoidance of doubt, the express provision of a remedy for, or consequence of, breach of any term of this Agreement does not derogate from any other legal right or remedy available to PHARMAC under this Agreement or otherwise in respect of such breach.

### 4.5 No waiver

A failure or delay by either of us to exercise any right arising under this Agreement is not a waiver of that right, and a waiver of a breach of this Agreement is not a waiver of any other breach.

### 4.5 Agreement prevails

Where any of your terms of supply, whether recorded on your invoices or in credit arrangements entered into or elsewhere, conflict with or detract from any of the terms of this Agreement, the terms of this Agreement will prevail and will apply to the exclusion of any of your terms or documentation.

### 4.6 Entire agreement

This Agreement:

- (a) is the entire agreement between us regarding the terms on which the Pharmaceutical is, as applicable:
- (i) listed in Section B of the Pharmaceutical Schedule and subsidised by the Funder; and/or
  - (ii) listed in Section H of the Pharmaceutical Schedule and purchased by DHB Hospitals; and
- (b) supersedes and extinguishes, from the Start Date, all prior agreements and understandings between us, and between you and any District Health Board regarding supply of the Pharmaceutical to DHB Hospitals.

### 4.7 Amendments

Amendments to this Agreement are only effective if in writing and signed by both of us.

### 4.8 Assignment

You will not permit any part of this Agreement to be transferred, assigned or sub-contracted (either directly or due to a change of ownership or control) without PHARMAC's prior written consent (such consent not to be unreasonably withheld). Any such consent may be given subject to such reasonable conditions as PHARMAC sees fit but no such consent will relieve

## **Schedule 4**

you from any liability or obligation under the terms of the Agreement, and you will continue to be responsible for the acts, defaults and neglects of your transferee, assignee or sub-contractor.

### **4.9 Further assurances**

We both agree to execute any further documents and do any further acts within our power as may be reasonably necessary from time to time to give effect to the terms and intentions of this Agreement.

### **4.10 Contracts Privity**

- (a) For the purposes of the Contracts (Privity) Act 1982, we both acknowledge that your obligations in this Agreement constitute promises which confer or are intended to confer a benefit on the Funder and related persons and/or DHB Hospitals and related persons (as applicable), and are enforceable at the suit of the Funder, any such DHB Hospitals or any related persons.
- (b) Except as expressly provided in paragraph (a) above, the parties do not intend to create rights in, or grant remedies to, any third party as a beneficiary of this Agreement, and all the provisions of this Agreement shall be for the sole and exclusive benefit of the parties.
- (c) For the avoidance of doubt, you acknowledge that PHARMAC may pursue damages or any other claim (including injunctive or other such relief) under this Agreement on its own account and/or on behalf of the Funder and/or DHB Hospitals (as applicable), in respect of any form of loss or damage incurred by PHARMAC and/or the Funder and/or DHB Hospitals.

### **4.11 Jurisdiction and governing law**

We each submit to the exclusive jurisdiction of the New Zealand courts and agree that this Agreement is governed by New Zealand law.

## Schedule 5: Additional contract terms for Sole Supply Status

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### 1. Effect of Sole Supply Status

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#### 1.1 Subsidy arrangements

- (a) Subject to clause 3.1 of this Schedule, the Pharmaceutical will be subsidised, and you must supply it, during the First Transition Period at the Price. If another brand of the Chemical Entity is listed on the Pharmaceutical Schedule, that brand will continue to be subsidised for the First Transition Period at the subsidy applicable to it immediately before the commencement of the First Transition Period.
- (b) The subsidy payable for all other brands of that form and strength of the Chemical Entity that are listed will be changed to the Price on the first day of the Second Transition Period.
- (c) All other brands of that form and strength of the Chemical Entity will be delisted on the first day of the Sole Supply Period, with the result that you will have Sole Supply Status for that form and strength of the Chemical Entity during the Sole Supply Period.
- (d) The Pharmaceutical will continue to be fully subsidised, and you must continue to supply it, at the Price throughout the Second Transition Period and, subject to PHARMAC's other rights under this Agreement in relation to the Pharmaceutical, throughout the Sole Supply Period.
- (e) Subject to PHARMAC's other rights under this Agreement in relation to the Pharmaceutical, the Pharmaceutical will not be delisted during the Final Transition Period.

#### 1.2 Exclusivity for the Sole Supply Period

- (a) Subject to clause 1.3 of this Schedule and PHARMAC's other rights under this Agreement in relation to the Pharmaceutical, PHARMAC will not subsidise another supplier's brand of the Pharmaceutical on the Pharmaceutical Schedule at any time during the Sole Supply Period.
- (b) This clause does not prohibit PHARMAC from entering into negotiations or arrangements with, or inviting tenders from, other suppliers to be the sole subsidised supplier of any forms and strengths of the Chemical Entity, if such supply commences after the end of the Sole Supply Period.
- (c) For the avoidance of doubt, PHARMAC may lower the subsidy applicable to a Pharmaceutical during the Final Transition Period as it sees fit, including lowering the subsidy of a Pharmaceutical as a result of the implementation of new tender arrangements.

#### 1.3 Alternative Brand Access

- (a) For the purposes of this clause 1.3:
  - (i) **"Alternative Brand"** means an alternative brand of the Pharmaceutical that PHARMAC considers to be an acceptable substitute for that Pharmaceutical;
  - (ii) **"Alternative Brand Access"** means subsidised access by Authorised Patients to an Alternative Brand (or Alternative Brands) of the Pharmaceutical during or throughout the Sole Supply Period despite the Sole Supply Status of the Pharmaceutical;

## Schedule 5

- (iii) **“Alternative Brand Reimbursement Amount”** means, in respect of the Pharmaceutical in a particular Relevant Period, such amount as is equal to:

$$[\text{Alternative Brand Volume} - (\text{Unit Volume} \times \text{Authorised Allowance})] \times \text{Adjusted Unit Subsidy}$$

where:

**Alternative Brand Volume** means the number of Units subsidised, for the Alternative Brand in that Relevant Period;

**“Adjusted Unit Subsidy”** means the Unit Subsidy, for the Pharmaceutical in that Relevant Period, divided by two;

**“Authorised Allowance”** means the percentage specified for the Pharmaceutical in the relevant column in the table in Schedule 2 and the Electronic Portal;

- (iv) **“Authorised Patient”** means a patient to whom Alternative Brand Access has been granted by PHARMAC, based on criteria determined by PHARMAC in its absolute discretion; and

- (v) **“Relevant Period”** means:

- (A) the initial period starting on the day that the Sole Supply Period begins up to and including 30 June 2009; or
- (B) the period commencing on 1 July 2009 and ending on 30 June 2010; or
- (C) the period commencing on 1 July 2010 and ending on 30 June 2011,

provided that for the purposes of carrying out the calculations in this clause 1.3 any calendar months that fall within those periods when there is any failure to supply the Pharmaceutical in accordance with this Agreement will be excluded.

- (b) Notwithstanding anything else in this Schedule, PHARMAC may grant Alternative Brand Access to any Authorised Patient at any time during the Sole Supply Period (provided, for the avoidance of doubt, that any Alternative Brand Access may apply throughout the Sole Supply Period).
- (c) Following the end of each Relevant Period, PHARMAC will:
- (i) calculate, and only where the Authorised Brand Reimbursement Amount for the Pharmaceutical is a number greater than zero, notify you in writing of, the Alternative Brand Reimbursement Amount for that Relevant Period; and
- (ii) reimburse to you an amount equal to the Alternative Brand Reimbursement Amount for that Relevant Period, provided that the manner in which the Alternative Brand Reimbursement Amount is to be reimbursed to you is to be agreed in writing between the parties.
- (d) For the avoidance of doubt, where the Authorised Brand Reimbursement Amount for the Pharmaceutical is a number less than or equal to zero, PHARMAC will not be required to make any reimbursement to you under this clause 1.3 in respect of the Pharmaceutical.
- (e) Where a Relevant Period under this clause 1.3 is a period of less than 12 months, then, for the purposes of any calculation made under paragraph (c) above in respect of that Relevant Period:
- (i) **“Unit Volume”** is deemed to mean an amount equal to:

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### Unit Volume ÷ 12 x number of months in the Relevant Period

#### 1.4 Withdrawal of Sole Supply Status

- (a) PHARMAC may withdraw Sole Supply Status in relation to your supply of the Pharmaceutical (in which case clauses 1.1 and 1.2 of this Schedule will no longer apply), by written notice to you at any time during the Sole Supply Period or (in anticipation) during the First Transition Period or the Second Transition Period if:
  - (i) you have failed to notify PHARMAC as required under clause 5.1 of this Schedule;
  - (ii) you are unable to supply the Pharmaceutical in accordance with this Agreement for a period of 30 days;
  - (iii) any Consent for the Pharmaceutical is withdrawn; or
  - (iv) you otherwise fail to supply the Pharmaceutical in accordance with this Agreement.
- (b) Any withdrawal of Sole Supply Status is without prejudice to PHARMAC's rights under clauses 5.2 and 5.3 of this Schedule.

#### 1.5 Suspension of Sole Supply Status

- (a) If, at any time during the Sole Supply Period or (in anticipation) during the First Transition Period or the Second Transition Period, you are unable to meet demand for the Pharmaceutical, or you notify PHARMAC under clause 5.1 of this Schedule of a Potential Out-of-Stock Event, or you otherwise fail to supply the Pharmaceutical in accordance with this Agreement, PHARMAC may suspend Sole Supply Status in relation to your supply of the Pharmaceutical for the period of such inability.
- (b) Any suspension of Sole Supply Status is without prejudice to PHARMAC's rights under clauses 5.2 and 5.3 of this Schedule.
- (c) PHARMAC may, at any time, in its sole discretion, notify you of the date on which the suspension of Sole Supply Status under this clause 1.5 ceases and on which date:
  - (i) Sole Supply Status is to be re-implemented in respect of the Pharmaceutical; or
  - (ii) Sole Supply Status is to be withdrawn in accordance with clause 1.4 of this Schedule.

#### 1.6 Subsidy arrangements after the End Date

- (a) Subject to paragraphs (b) and (c) below, the Pharmaceutical is to continue to be the subject of a listing agreement between you and PHARMAC with effect from the End Date, and accordingly:
  - (i) you will cease to have Sole Supply Status for that form and strength of the Chemical Entity; and
  - (ii) the Pharmaceutical will remain listed in Section B of the Pharmaceutical Schedule subject to PHARMAC's standard terms of supply for pharmaceuticals used in the community (as recorded in the then current general listing terms Annex of PHARMAC's standard community contract template).

## Schedule 5

- (iii) you may increase the price ex-manufacturer (exclusive of GST) at which you supply the Pharmaceutical to wholesalers and other such distributors on giving PHARMAC six months' written notice of that price increase. You may provide PHARMAC with this written notice at any time after, but not before, the End Date;
  - (iv) if PHARMAC does not increase the subsidy for the Pharmaceutical to the new price notified under paragraph (a)(iii) above, you may withdraw the Pharmaceutical from supply on not less than six months' prior written notice;
  - (v) if PHARMAC does increase the subsidy for the Pharmaceutical to the new price notified under paragraph (a)(iii) above, you may withdraw the Pharmaceutical from supply on not less than two years' prior written notice (except where the withdrawal is for reasons that PHARMAC considers to be wholly outside of your control, in which case you must first provide to PHARMAC such information as it may require from you in order to satisfy it, in its sole discretion, that you are required to withdraw supply); and
  - (vi) if at the time of providing notice under paragraph (a)(iii) above, you advise PHARMAC that you are required to purchase a significant quantity of extra stock of the Pharmaceutical to enable you to continue to supply for the two-year period, and you advise PHARMAC of the total cost of that stock, PHARMAC will either:
    - (A) use reasonable endeavours to enter into an agreement to reimburse you for stock that remains unsold at the end of that two-year period; or
    - (B) release you from your obligations to supply under this paragraph (a).
- (b) PHARMAC may at its sole discretion, with effect from the End Date:
- (i) require that the Pharmaceutical does not continue to be the subject of a listing agreement, in which case PHARMAC will give you written notice not less than three months prior to the End Date; and/or
  - (ii) apply any of the strategies under PHARMAC's then current OPPs to the Pharmaceutical (including delisting the Pharmaceutical after the Final Transition Period).
- (c) In the event PHARMAC applies any of the strategies described in paragraph (b)(ii) above, you may withdraw the Pharmaceutical from supply on not less than six months' prior written notice. You may provide PHARMAC with this written notice at any time after, but not before, the date that the particular strategy takes effect in the Pharmaceutical Schedule.

## 2. Consents

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### 2.1 Warranty and indemnity that Consents are held

You warrant that you have, and will maintain, all necessary Consents. If a Consent is not held by you or is withdrawn or the Pharmaceutical is no longer approved for the treatment of any indication for which it is subsidised, then:

- (a) PHARMAC is entitled to terminate this Agreement by 14 days' written notice to you; and
- (b) whether or not PHARMAC terminates this Agreement under paragraph (a) above, you are to indemnify the Funder for any additional costs incurred by it (or by PHARMAC on its behalf) as a result of that failure to hold all necessary Consents. This clause confers a benefit on (and is enforceable by) the Funder in accordance with the Contracts (Privity) Act 1982.

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### 2.2 Changed medicine notification

If the Ministry of Health issues a changed medicine notification in relation to a Pharmaceutical, and as a result a variant of the Pharmaceutical (the “**CMN Pharmaceutical**”) is approved:

- (a) you must immediately notify PHARMAC; and
- (b) PHARMAC may take such action as it considers appropriate in relation to that Pharmaceutical or the CMN Pharmaceutical including (but not limited to):
  - (i) withdrawing Sole Supply Status for the Pharmaceutical;
  - (ii) reviewing the terms of listing of that Pharmaceutical; and
  - (iii) determining whether, and the extent to which, the Funder may subsidise the CMN Pharmaceutical.

## 3. Price

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### 3.1 Price change

You must change the price at which you supply the Pharmaceutical to the Price on the 12<sup>th</sup> day of the month prior to the Start Date. If your brand of the Pharmaceutical is not listed on the Pharmaceutical Schedule at the beginning of the First Transition Period, it must be available for supply and you must supply the Pharmaceutical, at the Price from the 12<sup>th</sup> day of the month prior to the Start Date, and will be subsidised at the Price from the Start Date.

### 3.2 Supply Price

During each of the Second Transition Period, the Sole Supply Period and the Final Transition Period, the price at which the Pharmaceutical is supplied by you must not exceed the Price.

### 3.3 Warranty that Pharmaceutical is supplied at not less than cost price

You warrant that the price at which you are required to supply the Pharmaceutical under this Agreement is greater than the cost price of the Pharmaceutical (including, without limitation, the costs of manufacturing the Pharmaceutical and of supplying it to you for supply in New Zealand).

### 3.4 No reference pricing during Sole Supply Period

The subsidy payable for the Pharmaceutical will not be reduced as a result of a reduction in the reference price for the therapeutic sub-group of which it is a member during the Sole Supply Period. For the avoidance of doubt, PHARMAC will not be prevented from applying its reference pricing mechanisms to the Pharmaceutical to reduce the subsidy payable for it from the End Date.

## 4. Shelf-life of Pharmaceutical

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- (a) You will not supply the Pharmaceutical to wholesalers, or other such distributors, or pharmacies if:
  - (i) the remaining shelf-life of the Pharmaceutical is less than six months; or

## Schedule 5

- (ii) where the total shelf-life of the Pharmaceutical is less than six months, the remaining shelf-life is less than 75% of the Pharmaceutical's total shelf-life,

without prior written agreement from PHARMAC.

- (b) If you have an agreement with PHARMAC to supply the Pharmaceutical, where the total shelf-life of the Pharmaceutical is less than six months and the remaining shelf-life is less than 75% of the Pharmaceutical's total shelf-life, and a particular wholesaler, or other such distributor, or pharmacy does not distribute or dispense that Pharmaceutical before its expiry or use-by date, you agree to allow that wholesaler, or other such distributor, or pharmacy to return the Pharmaceutical to you and to provide that wholesaler, or other such distributor, or pharmacy with a credit for the Pharmaceutical.

## 5. Out-of-stock arrangements

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### 5.1 Notification of Potential Out-of-Stock Event and supply of Alternative Pharmaceutical

- (a) You must notify PHARMAC in writing as soon as you have reasonable cause to believe at any time that you will fail to supply the Pharmaceutical in accordance with this Agreement and, in any event, you must notify PHARMAC if at any time a Potential Out-of-Stock Event occurs, including during the Sole Supply Period or the First Transition Period or the Second Transition Period, in which case PHARMAC may suspend Sole Supply Status in relation to your supply of the Pharmaceutical.
- (b) If a Potential Out-of-Stock Event occurs, or your failure to supply the Pharmaceutical in accordance with this Agreement will result in insufficient stock of the Pharmaceutical being available, then at PHARMAC's option:
  - (i) PHARMAC may implement an arrangement with another supplier to supply an Alternative Pharmaceutical (including an arrangement for back-up supply); or
  - (ii) you must use your best endeavours to procure wholesalers and other such distributors to supply, as soon as practicable, an Alternative Pharmaceutical to pharmacies at the Price, and PHARMAC will subsidise the Alternative Pharmaceutical at the Price.

### 5.2 General indemnity

You agree to indemnify the Funder if you fail to supply the Pharmaceutical in accordance with this Agreement (other than for reasons that PHARMAC reasonably considers, following discussion with you, to be wholly outside your control) whether as a result of:

- (a) your inability to meet demand for supply of the Pharmaceutical;
- (b) your withdrawal of the Pharmaceutical from supply;
- (c) any failure to have and maintain a Consent as specified in clause 2 of this Schedule;
- (d) any failure to notify PHARMAC in accordance with clause 5.1 above; or
- (e) for any other reason.

This indemnity:

- (f) covers all additional costs, including without limitation all costs (if any) incurred in securing and subsidising an Alternative Pharmaceutical, incurred by the Funder (or by

## Schedule 5

PHARMAC on its behalf) as a result of your failure that are additional to any costs specified in clause 5.3; and

- (g) confers a benefit on (and is enforceable by) the Funder in accordance with the Contracts (Privity) Act 1982.

### 5.3 Liquidated damages

- (a) If you fail to supply the Pharmaceutical in accordance with this Agreement (other than for reasons that PHARMAC reasonably considers, following discussion with you, to be wholly outside your control) and:
  - (i) you have not notified PHARMAC under clause 5.1 of this Schedule, then without prejudice to PHARMAC's rights under clause 5.2:
    - (A) subject to paragraph (e) below, you must pay to PHARMAC (for the benefit of PHARMAC and the Funder) liquidated damages for the administrative and/or operational costs incurred by PHARMAC as a result of your failure to supply in the amount of \$50,000 per Pharmaceutical in respect of which you failed to notify PHARMAC; and
    - (B) PHARMAC may withdraw Sole Supply Status in relation to your supply of the Pharmaceutical under clause 1.3 of this Schedule; or
  - (ii) you have notified PHARMAC under clause 5.1 of this Schedule, then without prejudice to PHARMAC's rights under clause 5.2:
    - (A) you are not liable to pay any liquidated damages under this clause 5.3; and
    - (B) if you fail to supply the Pharmaceutical in accordance with this Agreement for more than 30 days, PHARMAC may withdraw Sole Supply Status in relation to your supply of the Pharmaceutical under clause 1.3 of this Schedule.
- (b) If, having notified PHARMAC under clause 5.1 of this Schedule, you remain able to, and you continue to, supply the Pharmaceutical, or an Alternative Pharmaceutical in accordance with clause 5.1(b)(ii) of this Schedule, such that there is no interruption to supply of the Pharmaceutical or of the Alternative Pharmaceutical in accordance with this Agreement, you will not be liable for any costs unless PHARMAC, in its sole discretion, has considered it necessary to enter into an arrangement with an alternative supplier under which PHARMAC has agreed to make a payment to that supplier to ensure continuity of supply, in which case you must indemnify the Funder or PHARMAC for that payment. Such indemnity will be limited to an amount of \$10,000.
- (c) You acknowledge and agree that:
  - (i) the amounts of liquidated damages in this clause represent a reasonable estimate of the administrative and operational costs incurred by PHARMAC (including the use of staff and loss of opportunity as a result of use of staff time, and communication costs), the estimate being based on PHARMAC's previous experience; and
  - (ii) the amounts referred to as liquidated damages are not intended to include any penalty element nor any amount for costs relating to the securing of an Alternative Pharmaceutical, or the subsidisation of an Alternative Pharmaceutical,

provided that PHARMAC may, in its sole discretion, require you to pay less than the amount specified as liquidated damages if it is satisfied that the actual costs in the particular circumstances are less than the relevant amount so specified.

## Schedule 5

- (d) Where a Pharmaceutical in respect of which you are liable to pay liquidated damages pursuant to clause 5.3(a)(i)(A) above also has Hospital Supply Status and where you would otherwise be liable to pay the same amount of liquidated damages in respect of any corresponding failure under the terms of such Hospital Supply Status, you will only be required to pay liquidated damages of \$50,000 in total in respect of both supply failures.
- (e) All amounts referred to in this clause are plus GST.

### 5.4 Failure to supply

References in this clause 5 and elsewhere in this Schedule to your failure or inability to supply the Pharmaceutical in accordance with this Agreement, or your inability to meet demand for the Pharmaceutical, or insufficient stock of the Pharmaceutical being available, include, but are not limited to, circumstances where:

- (a) no stock of the Pharmaceutical is physically held by you or on your behalf in New Zealand;
- (b) the only stock of the Pharmaceutical physically held by you or on your behalf in New Zealand is stock to which clause 4(a)(i) or (ii) of this Schedule applies and no agreement has been reached with PHARMAC in terms of clause 4(a) of this Schedule;
- (c) you fail, directly or indirectly, to ensure that all orders for the Pharmaceutical are filled (without restricting quantities that may be ordered), including in particular where, for reasons attributable (wholly or partly) to you, not all patients for whom the Pharmaceutical is prescribed receive the full amount of the Pharmaceutical they require, or to which they are entitled, under their prescriptions, within the required time frames for dispensing under the then current contract, or notice under section 88 of the New Zealand Public Health and Disability Act 2000, in respect of pharmacy services;
- (d) you fail to supply the Pharmaceutical on and from the Start Date.

### 5.5 Default interest and recovery costs

If payment of any amount required to be paid by you under this clause 5 is not made by you, in full, by the due date for payment of that amount as notified to you in writing by PHARMAC, then:

- (a) interest will accrue in such sum as remains unpaid at a rate per annum equal to the business base rate of ASB Bank Limited plus five percentage points, calculated and compounded on a daily basis, from the due date until such time as the sum due (including interest) is paid in full. This obligation to pay default interest is to arise without the need for a notice or demand from PHARMAC for such default interest; and
- (b) PHARMAC may take any action, including legal action, without first needing to implement the dispute resolution procedure contained in clause 4.2 of Schedule Four, to recover that amount and you agree to pay to PHARMAC actual enforcement costs incurred in relation to that action.

## 6. Termination and restrictions

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### 6.1 Termination and restrictions for clinical reasons

PHARMAC reserves the right, but only after consultation with you and a relevant medical adviser (being either the Ministry of Health, PTAC or its sub-committees), to:

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- (a) terminate this Agreement at any time during the Sole Supply Period or the First Transition Period or the Second Transition Period if the medical adviser determines for clinical reasons that it is no longer appropriate to have either:
  - (i) a sole subsidised supplier of that form and strength of the Chemical Entity (with or without Alternative Brand Access applying); or
  - (ii) the Pharmaceutical as the sole subsidised brand (with or without Alternative Brand Access applying); and/or
- (b) impose at any time during the Sole Supply Period or the Transition Periods restrictions on the prescribing or dispensing of a Pharmaceutical if those restrictions are necessary for clinical reasons.

### 6.2 Termination following an audit

PHARMAC may terminate the Agreement, or withdraw Sole Supply Status in relation to a Pharmaceutical, at any time during the Sole Supply Period or the Transition Periods, if you fail to remedy any area of non-compliance in accordance with clause 3(b) of Schedule Four.

## 7. Guarantee

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- (a) PHARMAC may require an entity acceptable to it to provide a guarantee (in a form satisfactory to PHARMAC) of your performance obligations under clauses 5.2 and 5.3 of this Schedule including, without limitation, the payment of any sum payable under the indemnity or as liquidated damages pursuant to those clauses for any failure to supply the Pharmaceutical in accordance with this Agreement during the Sole Supply Period.
- (b) The guarantor's liability under such a guarantee will be limited to a total of \$100,000 per Chemical Entity for all claims made by PHARMAC under the guarantee.

## Schedule 6: Additional contract terms for Hospital Supply Status

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### 1. Effect of Hospital Supply Status

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#### 1.1 Pricing arrangements

- (a) Subject to PHARMAC's other rights under this Agreement and clause 3.1 of this Schedule, on and from the Start Date, during the remainder of the First Transition Period and during the Hospital Supply Status Period, the Pharmaceutical is to be:
- (i) listed at the Price set out in Section H of the Pharmaceutical Schedule;
  - (ii) sold by you to, at a DHB Hospital's discretion, any Designated Delivery Points, and/or Contract Manufacturers (expressly for the purpose of compounding), at the Price.
- (b) Where the Pharmaceutical is included in an order by a DHB Hospital for pharmaceuticals where the total value (excluding GST) of the order is less than \$1,000, you may invoice the DHB Hospital, in accordance with clause 4.1 below, for the cost of freight for that particular order. For the avoidance of doubt, this clause 1.1(b) does not entitle you to invoice a DHB Hospital for any other costs in relation to the particular order.
- (c) Subject to PHARMAC's other rights under this Agreement in relation to the Pharmaceutical (including under clause 1.6 of this Schedule), and provided that there are no Alternative Pharmaceuticals listed in Section H of the Pharmaceutical Schedule at the start of the Final Transition Period, the Pharmaceutical:
- (i) is to continue to be listed, sold and purchased at the Price referred to in clauses 1.1(a)(i) and (ii) above during the Final Transition Period and beyond; and
  - (ii) is not to be delisted during the Final Transition Period.

#### 1.2 Supplier for Hospital Supply Status Period

- (a) Subject to:
- (i) PHARMAC's other rights under this Agreement in relation to the Pharmaceutical; and
  - (ii) clauses 1.4 and 1.5 of this Schedule relating to the DV Limit for the Pharmaceutical,

your brand of the Pharmaceutical will be the brand listed in Section H of the Pharmaceutical Schedule, and purchased by DHB Hospitals at any time during the Hospital Supply Status Period, as the brand having Hospital Supply Status.

- (b) This clause does not prohibit PHARMAC (on behalf of DHB Hospitals) from entering into negotiations or arrangements with, or inviting tenders from, other suppliers to be the supplier of any forms and strengths of the particular Pharmaceutical with Hospital Supply Status, or a relevant Alternative Pharmaceutical having a status equivalent to Hospital Supply Status, if notification of such an arrangement (once finalised) occurs, and such supply commences, after the end of the Hospital Supply Status Period.

## Schedule 6

### 1.3 DV Pharmaceuticals

- (a) PHARMAC may amend the relevant list of DV Pharmaceuticals specified in Section H of the Pharmaceutical Schedule, from time to time, in accordance with this clause 1.3, whereby:
  - (i) PHARMAC is only to remove a pharmaceutical listed as a DV Pharmaceutical if PHARMAC:
    - (A) has first obtained your agreement; or
    - (B) has a direction from Medsafe or its successor, or a recommendation from HPAC, PTAC or its sub-committees, based on a significant clinical issue;
  - (ii) PHARMAC may add a pharmaceutical to the relevant list of DV Pharmaceuticals specified in Section H of the Pharmaceutical Schedule if such pharmaceutical is identified as a DV Pharmaceutical during the Hospital Supply Status Period or the First Transition Period by PHARMAC following a recommendation from HPAC, PTAC or its sub-committees.
- (b) PHARMAC must consult with you prior to the removal of any pharmaceutical from the relevant list of DV Pharmaceuticals specified in Section H of the Pharmaceutical Schedule.

### 1.4 DV Limit

- (a) PHARMAC may, from time to time during the Hospital Supply Status Period or the First Transition Period, amend the DV Limit of the Pharmaceutical following what PHARMAC considers to be appropriate consultation with HPAC, PTAC or its sub-committees, provided that PHARMAC may only increase the DV Limit without your prior agreement if it has a direction from Medsafe or its successor, or a recommendation from HPAC, PTAC or its sub-committees, based on a significant clinical issue.
- (b) Subject to clause 1.5 of this Schedule you acknowledge and agree that while you have Hospital Supply Status:
  - (i) DHB Hospitals may purchase DV Pharmaceuticals at any time within the First Transition Period and Final Transition Period without any requirement to comply with the DV Limit;
  - (ii) provided that DHB Hospitals collectively do not exceed the National DV Limit for the relevant Pharmaceutical, a DHB Hospital may purchase DV Pharmaceuticals at any time within the Hospital Supply Status Period;
  - (iii) without derogating from any other rights available to PHARMAC or DHB Hospitals under this Agreement or otherwise, if you fail to supply the Pharmaceutical in accordance with this Agreement (other than for a reason that PHARMAC reasonably considers, following discussion with you, to be wholly outside your control) within the Hospital Supply Status Period, then the relevant DHB Hospital is not required to comply with the DV Limit for the Pharmaceutical during that period of non-supply and the calendar month during which that non-supply occurred will be excluded in any review of the DV Limit in accordance with clause 1.5 below;
  - (iv) if a DHB Hospital's usage of any DV Pharmaceuticals, in percentage terms, reaches or exceeds the percentage at which the Individual DV Limit is set for the relevant Pharmaceutical, that DHB Hospital may negotiate with you to agree to vary the application of the Individual DV Limit to the DHB Hospital in respect of particular patients with exceptional needs.

## Schedule 6

### 1.5 DV Limit Compliance

- (a) For the purposes of this clause 1.5:
- (i) **“Relevant Period”** means:
- (A) the initial period starting on the day that the Hospital Supply Status Period begins up to and including 30 June 2009; or
- (B) the period commencing on 1 July 2009 and ending on 30 June 2010; or
- (C) the period commencing on 1 July 2010 and ending on 30 June 2011,
- provided that for the purposes of carrying out the calculations in this clause 1.5 any calendar months that fall within those periods when there is any failure to supply the Pharmaceutical in accordance with this Agreement will be excluded.
- (ii) **“Actual National DV Limit Indicator”** means, for a particular Pharmaceutical in any Relevant Period, such sum, expressed as a percentage, as is equal to:
- $$\frac{\text{Total DV Pharmaceuticals Volume}}{\text{Total DV Pharmaceuticals Volume} + \text{Total Pharmaceutical Volume}} \times 100;$$
- (iii) **“Total DV Pharmaceuticals Volume”** means, for a particular Pharmaceutical in any Relevant Period, the total number of Units of all DV Pharmaceuticals of the relevant Pharmaceutical with Hospital Supply Status purchased by DHB Hospitals, as calculated by PHARMAC, following your request in accordance with clause 1.5(b) below, on the basis of the data extracted by PHARMAC from the electronic records used by it; and
- (iv) **“Total Pharmaceutical Volume”** means, for a particular Pharmaceutical with Hospital Supply Status in any Relevant Period, the total number of Units of that Pharmaceutical purchased by DHB Hospitals, as calculated by PHARMAC following your request in accordance with clause 1.5(b) below, on the basis of the data extracted by PHARMAC from the electronic records used by it.
- (b) If you reasonably believe that DHB Hospitals’ percentage usage of DV Pharmaceuticals collectively exceeds the National DV Limit for a particular Pharmaceutical, you may at any time, but not more often than three-monthly, request that PHARMAC carry out calculations in accordance with the procedure set out in this clause 1.5 for the proportion of the Relevant Period that has passed to the date of your request, and PHARMAC may, in its discretion, agree to carry out the calculations for the Total DV Pharmaceuticals Volume, the Total Pharmaceutical Volume and the Actual National DV Limit Indicator, provided that if PHARMAC refuses to carry out such calculations, it will provide you with the reasons for refusing to do so.
- (c) It is acknowledged, for the avoidance of doubt, that if the Actual National DV Limit Indicator is less than the National DV Limit specified for the relevant Chemical Entity in Schedule Two and the Electronic Portal then, regardless of whether an individual DHB Hospital’s percentage usage of DV Pharmaceuticals has exceeded the Individual DV Limit percentage for that Pharmaceutical, PHARMAC may decide, in its sole discretion, not to take any further action.
- (d) If the Actual National DV Limit Indicator is greater than the National DV Limit, PHARMAC will use its best endeavours to identify which individual DHB Hospitals’ percentage usage of DV Pharmaceuticals have exceeded the Individual DV Limit percentage for that Pharmaceutical. You acknowledge that if PHARMAC cannot do this on the basis of information held by it, it may be necessary to obtain any further

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information you can provide. If neither of us can establish or quantify non-compliance by an individual DHB Hospital with the Individual DV Limit, then you acknowledge that PHARMAC may not be able to calculate for you, and you may not be able to obtain, financial compensation under clause 1.5(f)(ii) below. In that event you acknowledge, for the avoidance of doubt, that PHARMAC is not liable to pay any financial compensation on behalf of the relevant DHB.

- (e) If an individual DHB Hospital's percentage usage of DV Pharmaceuticals has exceeded the Individual DV Limit percentage for that Pharmaceutical as a result of DV Pharmaceutical usage that has been agreed to by you in accordance with clause 1.4(b)(iv) above then PHARMAC will not take any further action.
- (f) Subject to paragraph (e) above, PHARMAC will address the issue of non-compliance with any individual DHB Hospital or DHB Hospitals identified in accordance with paragraph (d) above by:
  - (i) using its best endeavours to ensure that the relevant DHB Hospital complies with the DV Limit for that Pharmaceutical in the remainder of that Relevant Period (if applicable) and in any subsequent Relevant Period or Relevant Periods; and/or
  - (ii) following the end of a Relevant Period, and only once in respect of any Relevant Period, determining what financial compensation is payable by that DHB for its contribution towards exceeding the National DV Limit (where PHARMAC is able to quantify this based on the information available to it), being the greater amount of \$1,000 or such sum as is equal to:

### **DHB Deviation x Adjusted Price**

where:

- (A) **"Adjusted Price"** means the Unit Price, for a particular Pharmaceutical in any Relevant Period, divided by two;
- (B) **"DHB Deviation"** is equal to:

**$(\text{Total Contribution for DHB}_x \div \text{Total Contribution for Exceeding DHBs}) \times \text{Total DV Pharmaceuticals Volume in Excess of DV Limit}$**

where:

**"Total Contribution for DHB<sub>x</sub>"** means, for:

- (a) a particular Pharmaceutical; and
- (b) a particular DHB Hospital,

in any Relevant Period, the total number of Units of all DV Pharmaceuticals of the relevant Pharmaceutical with Hospital Supply Status purchased by that DHB Hospital minus the number of Units of DV Pharmaceuticals that corresponds to the percentage of the Individual Total Market Volume represented by the Individual DV Limit percentage for that Pharmaceutical, as calculated by PHARMAC for such Relevant Period on the basis of the data extracted by PHARMAC from the electronic records used by it;

**"Total Contribution for Exceeding DHBs"** means, for a particular Pharmaceutical in any Relevant Period, the sum of the Total Contribution for DHB<sub>x</sub> for each DHB Hospital identified by PHARMAC in accordance with paragraph (d) above as exceeding the Individual DV Limit for that

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Relevant Period, as calculated by PHARMAC for such Relevant Period on the basis of the data extracted by PHARMAC from the electronic records used by it;

**“Total DV Pharmaceuticals Volume in Excess of DV Limit”** means, for a particular Pharmaceutical in any Relevant Period, the total number of Units of all DV Pharmaceuticals of the relevant Pharmaceutical with Hospital Supply Status purchased by DHB Hospitals in excess of the National DV Limit for that Relevant Period, as calculated by PHARMAC on the basis of the data extracted by PHARMAC from the electronic records used by it;

- (iii) PHARMAC will notify you and the relevant DHB in writing of any DV Limit compensation payable in accordance with clause 1.5(f)(ii) above. You may then invoice the relevant DHB for the amount of DV Limit compensation payable, as calculated and notified to you by PHARMAC. You must provide to PHARMAC a copy of any such invoice, and evidence of any payment received from the DHB in respect of that invoice, within 10 business days of sending such invoice or receiving such payment, respectively.
- (iv) If you have not received the amount of any DV Limit compensation payable in accordance with clause 1.5(f)(ii) above from the DHB within 60 business days of invoicing the DHB for the amount owing, then you may take such further actions (other than ceasing to supply) directly with the DHB as you consider appropriate to recover the amount owing to you. In that event you acknowledge, for the avoidance of doubt, that PHARMAC is not liable to pay any financial compensation on behalf of the relevant DHB.
- (v) For the avoidance of doubt, for the purposes of calculating the Total DV Pharmaceuticals Volume, the Total Contribution for DHB<sub>x</sub> and the Total DV Pharmaceuticals Volume in Excess of DV Limit in this clause 1.5, if a pharmaceutical is added to, or removed from, the list of DV Pharmaceuticals during the Relevant Period in accordance with clause 1.3 of this Schedule, then only the number of Units of that pharmaceutical purchased by DHB Hospitals during the portion of the Relevant Period in which that pharmaceutical was a DV Pharmaceutical are to be included in those calculations.

### 1.6 Supply arrangements after the End Date

- (a) Subject to paragraphs (b) and (c) below, the Pharmaceutical is to continue to be the subject of a listing agreement between you and PHARMAC with effect from the End Date, and accordingly:
  - (i) you will cease to have Hospital Supply Status for that form and strength of the Pharmaceutical; and
  - (ii) the Pharmaceutical will remain listed in Section H of the Pharmaceutical Schedule subject to PHARMAC's standard terms of supply for pharmaceuticals used in DHB Hospitals (as recorded in the then current general listing terms Annex of PHARMAC's standard hospital contract template);
  - (iii) you may increase the price (exclusive of GST) at which you supply the Pharmaceutical to, at a DHB Hospital's discretion, any Designated Delivery Points, and/or Contract Manufacturers (expressly for the purpose of compounding), on giving PHARMAC six months' written notice of that price increase. You may provide PHARMAC with this written notice at any time after, but not before, the End Date;

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- (iv) you may withdraw the Pharmaceutical from supply on not less than two years' prior written notice (except where the withdrawal is for reasons that PHARMAC considers to be wholly outside of your control, in which case you must first provide to PHARMAC such information as it may require from you in order to satisfy it, in its sole discretion, that you are required to withdraw supply); and
- (v) if at the time of providing notice under paragraph (a)(iii) above, you advise PHARMAC that you are required to purchase a significant quantity of extra stock of the Pharmaceutical to enable you to continue to supply for the two-year period, and you advise PHARMAC of the total cost of that stock, PHARMAC will either:
  - (A) use reasonable endeavours to enter into an agreement to reimburse you for stock that remains unsold at the end of that two-year period; or
  - (B) release you from your obligations to supply under this paragraph (a).
- (b) PHARMAC may, at its sole discretion, with effect from the End Date:
  - (i) require that the Pharmaceutical does not continue to be the subject of a listing agreement, in which case PHARMAC will give you written notice not less than three months prior to the End Date; and/or
  - (ii) apply any of the strategies under PHARMAC's then current OPPs to the Pharmaceutical (including delisting the Pharmaceutical after the Final Transition Period).
- (c) In the event PHARMAC applies any of the strategies described in paragraph (b)(ii) above, you may withdraw the Pharmaceutical from supply on not less than six months' prior written notice. You may provide PHARMAC with this written notice at any time after, but not before, the date that the particular strategy takes effect in the Pharmaceutical Schedule.

### 1.7 Withdrawal of Hospital Supply Status

- (a) PHARMAC may withdraw Hospital Supply Status in relation to your supply of the Pharmaceutical (in which case clauses 1.1, 1.2 and 1.3 of this Schedule will no longer apply), by written notice to you at any time during the Hospital Supply Status Period or (in anticipation) during the First Transition Period if:
  - (i) you have failed to notify PHARMAC as required under clause 7.1 of this Schedule;
  - (ii) you fail, for a period of 30 days, to supply the Pharmaceutical in accordance with this Agreement to any of the DHB Hospitals including to, at a DHB Hospital's discretion, any Designated Delivery Points, and/or Contract Manufacturers (expressly for the purpose of compounding);
  - (iii) any Consent for the Pharmaceutical required under clause 2 of this Schedule is withdrawn;
  - (iv) you have failed to comply with clause 6 of this Schedule on more than one occasion; or
  - (v) you otherwise fail to supply the Pharmaceutical in accordance with this Agreement.
- (b) Any withdrawal of Hospital Supply Status is without prejudice to PHARMAC's rights under clauses 7.2 and 7.3 of this Schedule.

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### 1.8 Suspension of Hospital Supply Status

- (a) If, at any time during the Hospital Supply Status Period or (in anticipation) during the First Transition Period, you are unable to meet demand for the Pharmaceutical, or you notify PHARMAC under clause 7.1 of this Schedule of a Potential Out-of-Stock Event, or you otherwise fail to supply the Pharmaceutical in accordance with this Agreement, then:
  - (i) PHARMAC may suspend Hospital Supply Status in relation to your supply of the Pharmaceutical for the period of such inability; and
  - (ii) DHB Hospitals may purchase DV Pharmaceuticals during the period when Hospital Supply Status is suspended without the requirement to comply with the DV Limit for the relevant Pharmaceutical.
- (b) Any suspension of Hospital Supply Status is without prejudice to PHARMAC's rights under clauses 7.2 and 7.3 of this Schedule.
- (c) PHARMAC may, at any time, in its sole discretion, notify you of the date on which the suspension of Hospital Supply Status under this clause 1.8 ceases and on which date:
  - (i) Hospital Supply Status is to be re-implemented in respect of the Pharmaceutical; or
  - (ii) Hospital Supply Status is to be withdrawn in accordance with clause 1.7 of this Schedule.

## 2. Consents

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### 2.1 Warranty and indemnity that Consents are held

You warrant that you have, and will maintain, all necessary Consents. If a Consent is not held by you or is withdrawn or the Pharmaceutical is no longer approved for the treatment of any indication for which it is listed in Section H of the Pharmaceutical Schedule, then:

- (a) PHARMAC is entitled to terminate this Agreement by 14 days' written notice to you; and
- (b) whether or not PHARMAC terminates this Agreement under paragraph (a) above, you are to indemnify the Funder for any additional costs incurred by it (or by PHARMAC on its behalf) as a result of that failure to hold all necessary Consents. This clause confers a benefit on (and is enforceable by) the Funder in accordance with the Contracts (Privity) Act 1982.

### 2.2 Changed medicine notification

If the Ministry of Health issues a changed medicine notification in relation to a Pharmaceutical, and as a result a variant of the Pharmaceutical (the "**CMN Pharmaceutical**") is approved:

- (a) you must immediately notify PHARMAC; and
- (b) PHARMAC may take such action as it considers appropriate in relation to that Pharmaceutical or the CMN Pharmaceutical including (but not limited to):
  - (i) withdrawing Hospital Supply Status for the Pharmaceutical;
  - (ii) reviewing the terms of listing of that Pharmaceutical; and

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- (iii) determining whether, and the extent to which, DHB Hospitals may purchase the CMN Pharmaceutical.

### 2.3 Pharmacode

You agree to obtain and notify PHARMAC of the Pharmacode for the Pharmaceutical as soon as the Pharmacode is notified to you, and in any event before the date on which the Pharmaceutical is listed in Section H of the Pharmaceutical Schedule.

## 3. Price

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### 3.1 Price change

You must change the price at which you supply the Pharmaceutical to, at a DHB Hospital's discretion, any Designated Delivery Points, and/or Contract Manufacturers (expressly for the purpose of compounding), to the Price with effect from the 12th day of the month prior to the Start Date. If your brand of the Pharmaceutical is not listed on the Pharmaceutical Schedule at the beginning of the First Transition Period, it must be available for supply or sale, and you must supply or sell it, at the Price on and from the 12<sup>th</sup> day of the month prior to the Start Date.

### 3.2 Supply price

Subject to clause 3.1 of this Schedule, during each of the First Transition Period, the Hospital Supply Status Period and the Final Transition Period, if applicable in accordance with clause 1.1(b) of this Schedule, the price at which the Pharmaceutical is supplied by you to, at a DHB Hospital's discretion, any Designated Delivery Points, and/or Contract Manufacturers (expressly for the purpose of compounding), must not exceed the Price.

### 3.3 Supply at lower price

Notwithstanding clauses 3.1 and 3.2 above but subject to clause 3.4 below, you may supply the Pharmaceutical to, at a DHB Hospital's discretion, any Designated Delivery Points, and/or Contract Manufacturers (expressly for the purpose of compounding) at a price lower than the Price, provided that where you decide to supply the Pharmaceutical in respect of any one or more DHB Hospital(s) at a price lower than the Price, you must supply the Pharmaceutical at the same lower price to all DHB Hospitals in respect of which you supply the Pharmaceutical, in which case that lower price will be deemed to be the Price of that Pharmaceutical for the purposes of this Agreement.

### 3.4 Warranty that Pharmaceutical is supplied at not less than cost price

You warrant that the Price at which you are required to supply the Pharmaceutical under this Agreement is greater than the cost price of the Pharmaceutical (including, without limitation, the costs of manufacturing the Pharmaceutical and of supplying it to you for supply in New Zealand).

## 4. Invoicing and Payment

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### 4.1 Invoice

You are to invoice DHB Hospitals at the end of each month, but no later than the tenth day following the month to which the invoice in respect of the Pharmaceutical relates, specifying for the Pharmaceutical supplied during that month:

- (a) your delivery note reference number;

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- (b) the particular DHB's purchase order reference number (if applicable);
- (c) the net amount payable in respect of the Pharmaceutical supplied to that DHB in accordance with this Agreement;
- (d) full details in respect of the Pharmaceutical supplied to that DHB in accordance with this Agreement, including the:
  - (i) DHB's item codes;
  - (ii) quantity of the Pharmaceutical supplied;
  - (iii) price of the Pharmaceutical;
  - (iv) cost of freight for orders that included the Pharmaceutical (only where applicable under clause 1.1(b) above);
  - (v) total cost for the total amount of the Pharmaceutical supplied; and
- (e) any other information that DHB Hospital requires you to supply.

### 4.2 Payment

- (a) Provided that the Pharmaceutical has been supplied in accordance with this Agreement, and the particular DHB receives an invoice in accordance with clause 4.1 above, payment by the DHB Hospital to you of the amount required to be paid by it is expected to occur:
  - (i) by electronic funds transfer or such other method of payment as is designated by that DHB Hospital;
  - (ii) on the 20<sup>th</sup> day of the month following the month to which the invoice for the Pharmaceutical relates, or, if the 20<sup>th</sup> day of the month is not a business day, then on the next business day following the 20<sup>th</sup> of the month.
- (b) Where you invoice a DHB Hospital later than the tenth day following the month to which the invoice in respect of the Pharmaceutical relates then, provided that the Pharmaceutical has been supplied in accordance with this Agreement, and the invoice otherwise accords with clause 4.1 above, payment by the DHB Hospital to you of the amount required to be paid by it is expected to occur:
  - (iii) by electronic funds transfer or such other method of payment as is designated by that DHB Hospital;
  - (iv) on the 20<sup>th</sup> day of the month following the month in which you invoice the DHB for the Pharmaceutical, or, if the 20<sup>th</sup> day of the month is not a business day, then on the next business day following the 20<sup>th</sup> of the month.

### 4.3 Future payment

- (a) A particular DHB Hospital's failure to dispute any invoice prior to payment does not prejudice that DHB Hospital's right subsequently to dispute the correctness of such an invoice, nor its ability to recover any amount of overpayment from you.
- (b) A DHB Hospital may withhold, deduct or set off the amount of any overpayment or any amount recoverable by that DHB Hospital from you under this Agreement from any future amount owing to you.

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### 4.4 Contracts Privity

This clause 4 confers a benefit on (and is enforceable by) DHB Hospitals in accordance with the Contracts (Privity) Act 1982.

## 5. Emergency and disaster supply

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In the event of an emergency or disaster affecting any DHB Hospital, or an emergency or disaster on a national level, you will use your best endeavours to provide such quantities of the Pharmaceutical as are required by the relevant DHB Hospital(s). Your obligations under this clause include, but are not limited to, using your best endeavours to:

- (a) source the Pharmaceutical from other suppliers and distributors within New Zealand; and
- (b) source the Pharmaceutical or a pharmaceutical that is the same brand as the Pharmaceutical from any overseas manufacturer, supplier or distributor, and air-freighting that stock to New Zealand (for which the relevant DHB Hospital will meet all reasonable costs) for supply, either under Medsafe's explicit consent to import, sell or distribute the Pharmaceutical or under section 29 of the Medicines Act 1981, to DHB Hospitals.

## 6. Defective and short-dated Pharmaceuticals

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### 6.1 Pharmaceutical recall

- (a) In the event that you are required by the Ministry of Health or any other authorities to recall the Pharmaceutical or a particular batch of the Pharmaceutical, you will notify PHARMAC and the relevant DHB Hospitals immediately you become aware of the need to recall the Pharmaceutical or that batch of the Pharmaceutical.
- (b) You will use your best endeavours to provide replacement Pharmaceuticals to DHB Hospitals as soon as possible.
- (c) If you fail to provide replacement Pharmaceuticals or an Alternative Pharmaceutical within what DHBs consider to be a reasonable time frame, then DHB Hospital(s) may purchase an Alternative Pharmaceutical elsewhere. Any reasonable additional costs incurred by DHB Hospital(s) in purchasing such an Alternative Pharmaceutical will be met by you on demand by PHARMAC or the DHB Hospital(s) and will be recoverable from you as a debt due to PHARMAC and to the DHB Hospital(s), as applicable.
- (d) In the event that the Pharmaceutical or a particular batch of the Pharmaceutical is recalled as contemplated by paragraph (a) above, you shall immediately refund to the relevant DHB Hospitals all money paid by them to you for or on account of the Pharmaceutical or that batch of the Pharmaceutical and such money will be recoverable from you as a debt due to the relevant DHB Hospitals, unless you have provided a replacement Pharmaceutical to the relevant DHB Hospitals' satisfaction.
- (e) This clause confers a benefit on (and is enforceable by) DHB Hospitals in accordance with the Contracts (Privity) Act 1982.

### 6.2 Shelf-life of Pharmaceutical

- (a) You will not supply the Pharmaceutical if:
  - (i) the remaining shelf-life of the Pharmaceutical is less than six months; or

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- (ii) where the total shelf-life of the Pharmaceutical is less than six months, the remaining shelf-life is less than 75% of the Pharmaceutical's total shelf-life,

without prior agreement from the relevant DHB Hospital.

- (b) If you have an agreement with the relevant DHB Hospital to supply the Pharmaceutical, where the total shelf-life of the Pharmaceutical is less than six months and the remaining shelf-life is less than 75% of the Pharmaceutical's total shelf-life, and that DHB Hospital does not use the Pharmaceutical before its expiry or use-by date, you agree to allow that DHB Hospital to return the Pharmaceutical to you and to provide that DHB Hospital with a credit for the Pharmaceutical.
- (c) This clause confers a benefit on (and is enforceable by) DHB Hospitals in accordance with the Contracts (Privity) Act 1982.

## 7. Out-of-stock arrangements

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### 7.1 Notification of Potential Out-of-Stock Event and supply of Alternative Pharmaceutical

- (a) You must notify PHARMAC in writing as soon as you have reasonable cause to believe at any time that you will fail to supply the Pharmaceutical in accordance with this Agreement and, in any event, you must notify PHARMAC and the relevant DHB Hospitals if at any time a Potential Out-of-Stock Event occurs, including during the Hospital Supply Period or the First Transition Period.
- (b) If a Potential Out-of-Stock Event occurs, or your failure to supply the Pharmaceutical in accordance with this Agreement will result in insufficient stock of the Pharmaceutical being available, then at PHARMAC's option:
  - (i) PHARMAC may implement an arrangement with another supplier to supply an Alternative Pharmaceutical (including an arrangement for back-up supply); and/or
  - (ii) you must use your best endeavours to procure, as soon as practicable, an Alternative Pharmaceutical for supply to, at a DHB Hospital's discretion, any Designated Delivery Points, and/or Contract Manufacturers (expressly for the purpose of compounding), at the Price, and if you are unable to do so you will pay to DHB Hospitals any additional costs incurred by DHB Hospitals as a result of the purchase price for the Alternative Pharmaceutical being higher than the Price.

### 7.2 General indemnity

You agree to indemnify DHB Hospitals and PHARMAC if you fail to supply the Pharmaceutical in accordance with this Agreement (other than for reasons that PHARMAC reasonably considers, following discussion with you, to be wholly outside your control) whether as a result of:

- (a) your inability to meet demand for supply of the Pharmaceutical;
- (b) your withdrawal of the Pharmaceutical from supply;
- (c) any failure to have and maintain a Consent as specified in clause 2 of this Schedule;
- (d) any failure to notify PHARMAC in accordance with clause 7.1 above; or
- (e) for any other reason.

This indemnity:

## Schedule 6

- (f) covers all additional costs, including without limitation all costs (if any) incurred in securing and purchasing an Alternative Pharmaceutical, incurred by DHB Hospitals (or by PHARMAC on their behalf) as a result of your failure that are additional to any costs specified in clause 7.3; and
- (g) confers a benefit on (and is enforceable by) DHB Hospitals in accordance with the Contracts (Privity) Act 1982.

### 7.3 Liquidated damages

- (a) If you fail to supply the Pharmaceutical in accordance with this Agreement (other than for reasons that PHARMAC reasonably considers, following discussion with you, to be wholly outside your control) and:
  - (i) you have not notified PHARMAC and the relevant DHB Hospitals under clause 7.1 of this Schedule, then without prejudice to PHARMAC's and the relevant DHB Hospitals' rights under clause 7.2 above, but subject to paragraph (e) below, you must pay to PHARMAC (for the benefit of PHARMAC and DHB Hospitals) liquidated damages for the administrative and/or operational costs incurred by PHARMAC and DHB Hospitals as a result of your failure to supply in the amount of \$50,000 per Pharmaceutical in respect of which you failed to notify PHARMAC; or
  - (ii) you have notified PHARMAC and the relevant DHB Hospitals under clause 7.1 of this Schedule, then without prejudice to PHARMAC's and the relevant DHB Hospitals' rights under clause 7.2 above you are not liable to pay any liquidated damages under this clause 7.3.
- (b) If, having notified PHARMAC and the relevant DHB Hospitals under clause 7.1 of this Schedule, you remain able to, and you continue to, supply the Pharmaceutical, or an Alternative Pharmaceutical in accordance with clause 7.1(b)(ii) of this Schedule, such that there is no interruption to supply of the Pharmaceutical or of the Alternative Pharmaceutical in accordance with this Agreement, you will not be liable for any costs unless PHARMAC, in its sole discretion, has considered it necessary to enter into an arrangement with an alternative supplier under which PHARMAC or the relevant DHB Hospitals have agreed to make a payment to that supplier to ensure continuity of supply, in which case you must indemnify the relevant DHB Hospitals and PHARMAC for that payment. Such indemnity will be limited to an amount of \$10,000 per Pharmaceutical.
- (c) You acknowledge and agree that:
  - (i) the amounts of liquidated damages in this clause represent a reasonable estimate of the administrative and operational costs incurred by PHARMAC and DHB Hospitals (including the use of staff and loss of opportunity as a result of use of staff time, and communication costs), the estimate being based on PHARMAC's and DHB Hospitals' previous experience; and
  - (ii) the amounts referred to as liquidated damages are not intended to include any penalty element nor any amount for costs relating to the securing of an Alternative Pharmaceutical, or the purchasing of an Alternative Pharmaceutical,

provided that PHARMAC may, in its sole discretion, require you to pay less than the amount specified as liquidated damages if it is satisfied that the actual costs in the particular circumstances are less than the relevant amount so specified.

- (d) Where a Pharmaceutical in respect of which you are liable to pay liquidated damages pursuant to clause 7.3(a)(i) above also has Sole Supply Status and where you would otherwise be liable to pay the same amount of liquidated damages in respect of any

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corresponding failure under the terms of such Sole Supply Status, you will only be required to pay liquidated damages of \$50,000 in total in respect of both supply failures.

- (e) All amounts referred to in this clause are plus GST.

### 7.4 Failure to supply

References in this clause 7 and elsewhere in this Schedule to your failure or inability to supply the Pharmaceutical in accordance with this Agreement, or your inability to meet demand for supply of the Pharmaceutical, or insufficient stock of the Pharmaceutical being available, include, but are not limited to, circumstances where:

- (a) no stock of the Pharmaceutical is physically held by you or on your behalf in New Zealand;
- (b) the only stock of the Pharmaceutical physically held by you or on your behalf in New Zealand is stock to which clause 6.2(a)(i) or (ii) of this Schedule applies and no agreement has been reached with the relevant DHB Hospital in terms of clause 6.2(a) of this Schedule;
- (c) you fail, directly or indirectly, to ensure that all orders for the Pharmaceutical are filled (without restricting quantities that may be ordered), including in particular where not all patients for whom the Pharmaceutical is prescribed receive the full amount of the Pharmaceutical they require, or to which they are entitled, under their prescriptions, without delay;
- (d) you fail to supply the Pharmaceutical on and from the Start Date.

### 7.5 Default interest and recovery costs

If payment of any amount required to be paid by you under this clause 7 is not made by you, in full, by the due date for payment of that amount as notified to you in writing by PHARMAC, then:

- (a) interest will accrue in such sum as remains unpaid at a rate per annum equal to the business base rate of ASB Bank Limited plus five percentage points, calculated and compounded on a daily basis, from the due date until such time as the sum due (including interest) is paid in full. This obligation to pay default interest is to arise without the need for a notice or demand from PHARMAC for such default interest; and
- (b) PHARMAC may take any action, including legal action, without first needing to implement the dispute resolution procedure contained in clause 4.2 of Schedule Four, to recover that amount and you agree to pay to PHARMAC actual enforcement costs incurred in relation to that action.

## 8. Termination and restrictions

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### 8.1 Termination and restrictions for clinical reasons

PHARMAC reserves the right, but only after consultation with you and a relevant medical adviser (being either the Ministry of Health, HPAC, PTAC, or a sub-committee of HPAC or PTAC), to:

- (a) terminate this Agreement at any time during the Hospital Supply Status Period or the First Transition Period if the medical adviser determines for clinical reasons that it is no longer appropriate to have either:

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- (i) any Pharmaceutical, including the Pharmaceutical or any relevant Alternative Pharmaceutical, having Hospital Supply Status of that form and strength of the Pharmaceutical with Hospital Supply Status; or
  - (ii) the Pharmaceutical as the brand having Hospital Supply Status; and/or
- (b) impose at any time during the Hospital Supply Status Period or the Transition Periods restrictions on the prescribing or dispensing of a Pharmaceutical if those restrictions are necessary for clinical reasons.

### 8.2 Termination following an audit

PHARMAC may terminate the Agreement, or withdraw Hospital Supply Status in relation to, or revise DV Limits for, a Pharmaceutical, at any time during the Hospital Supply Status Period or the Transition Periods, if you fail to remedy any area of non-compliance in accordance with clause 3(b) of Schedule Four.

## 9. Guarantee

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- (a) PHARMAC may require an entity acceptable to it to provide a guarantee (in a form satisfactory to PHARMAC) of your performance obligations under clauses 7.2 and 7.3 of this Schedule including, without limitation, the payment of any sum payable under the indemnity or as liquidated damages pursuant to those clauses for any failure to supply the Pharmaceutical in accordance with this Agreement during the Hospital Supply Status Period.
- (b) The guarantor's liability under such a guarantee will be limited to a total of \$100,000 per Pharmaceutical for all claims made by PHARMAC under the guarantee.

## 10. Access by PHARMAC to price and volume data

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- (a) You acknowledge that PHARMAC and its agents will require access to price and volume data held by you and DHB Hospitals in respect of the Pharmaceutical covered by this Agreement to assist PHARMAC to carry out its statutory function in relation to managing the purchasing of hospital pharmaceuticals on behalf of DHBs.
- (b) Notwithstanding any other provisions in this Agreement, including clauses 9.1 and 9.2 of Schedule Three regarding confidential information, you agree that where the circumstances in this clause apply, a DHB Hospital may provide PHARMAC and its agents with any price and volume data held by that DHB Hospital in respect of a Pharmaceutical covered by this Agreement and PHARMAC and its agents may provide such data on DHBs.
- (c) You agree that within 10 business days following any request from PHARMAC, you will provide PHARMAC with volume data in respect of the Pharmaceutical covered by this Agreement for each month of the period specified in that request.

## 11. PCTs

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### 11.1 Listing in Section B of the Pharmaceutical Schedule

- (a) Where the Pharmaceutical is a PCT, you acknowledge and agree that PHARMAC may list the Pharmaceutical in Section B of the Pharmaceutical Schedule:
  - (i) at a price that is equal to (or subject to your agreement, less than) the Price;

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- (ii) subject to the rules and restrictions applying to PCTs in Sections A to G of the Pharmaceutical Schedule.
- (b) If PHARMAC lists the Pharmaceutical in Section B of the Pharmaceutical Schedule pursuant to paragraph (a) above, you acknowledge and agree that:
  - (i) such listing will be for reasons relating to claiming and will not, unless otherwise advised in writing by PHARMAC, enable you to supply the Pharmaceutical for use in the community;
  - (ii) listing of the Pharmaceutical in Section B will, at PHARMAC's option, be additional to or instead of listing in Part II of Section H;
  - (iii) references to the "listing" of the Pharmaceutical will, where applicable, be to the listing of the Pharmaceutical in Section B of the Pharmaceutical Schedule (and references to "list", "listed", "delist", "delisted", and "delisting" are to be interpreted accordingly); and
  - (iv) the standard terms of listing of the Pharmaceutical in Section B of the Pharmaceutical Schedule will, except to the extent otherwise advised in writing by PHARMAC, be the terms set out in Schedule Four and this Schedule, and for that purpose all references in Schedule Four and this Schedule to "Section H" will be deemed to be references to "Section B".
- (c) This clause confers a benefit on (and is enforceable by) DHB Hospitals in accordance with the Contracts (Privity) Act 1982.

### 11.2 Transitional Budget Arrangements

- (a) You acknowledge that DHBs and PHARMAC are in the process of transferring responsibility for a notional PCT budget to PHARMAC and that this is expected to take place in two phases with the following approximate dates:
  - (i) the "Data Collection Phase" is expected to run until 30 June 2008, unless notified otherwise by PHARMAC, during which time DHB Hospitals will still have responsibility for the PCTs' budget; and
  - (ii) the "Budget Transfer" is expected to occur on 1 July 2008, unless notified otherwise by PHARMAC, at which point PHARMAC will have responsibility for the PCTs budget.
- (b) You agree that, from the date of the Budget Transfer, which will occur on 1 July 2008 unless notified otherwise to you by PHARMAC, and, for the avoidance of doubt, may occur before a Tender Bid for any Pharmaceutical is accepted, clause 7.1 of this Schedule will be deleted and replaced by the following:

#### **7.1 Notification of Potential Out-of-Stock Event and supply of Alternative Pharmaceutical.**

- (a) You must notify PHARMAC in writing as soon as you have reasonable cause to believe that you will fail to supply a Pharmaceutical in accordance with this Agreement and, in any event, you must notify PHARMAC and the relevant DHB Hospitals if at any time a Potential Out-of-Stock Event occurs, including during the Hospital Supply Period or the First Transaction Period.
- (b) If you fail to supply a Pharmaceutical in accordance with this Agreement for more than 1 business day to any DHB Hospital, then:

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- (i) you must use your best endeavours to procure, within what the relevant DHB Hospitals consider to be a reasonable period of time, an Alternative Pharmaceutical for supply to, at a DHB Hospital's discretion, any Designated Delivery Points, and/or Contract Manufacturers (expressly for the purpose of compounding) at the Price; and
- (ii) if you fail to procure an Alternative Pharmaceutical at the Price in accordance with sub-clause (i) above (other than for reasons that PHARMAC reasonably considers, following discussion with you, to be wholly outside your control) then, at PHARMAC's option:
  - (A) you must pay to PHARMAC (for the benefit of PHARMAC and DHB Hospitals) any additional costs that PHARMAC incurs or that the relevant DHB Hospitals incur as a result of the purchase of the Alternative Pharmaceutical; or
  - (B) PHARMAC may implement an arrangement with another supplier to supply an Alternative Pharmaceutical (including an arrangement for back-up supply), and you must pay to PHARMAC (for the benefit of PHARMAC and DHB Hospitals) any additional costs that PHARMAC incurs or that the relevant DHB Hospitals incur as a result of the purchase of the Alternative Pharmaceutical.
- (c) This clause confers a benefit on (and is enforceable by) DHB Hospitals in accordance with the Contracts (Privity) Act 1982.