

Level 9, 40 Mercer Street, Wellington 6011
PO Box 10-254, Wellington 6143, New Zealand

Phone 64-4-460-4990

Fax 64-4-460-4995

Information line 0800 66 00 50

enquiry@pharmac.govt.nz

www.pharmac.govt.nz

16 May 2018

Dear Supplier

REQUEST FOR PROPOSALS – SUPPLY OF CONDOMS AND WATER-BASED LUBRICANT

PHARMAC invites proposals for the supply of condoms and water-based lubricant in New Zealand.

This request for proposals (**RFP**) letter incorporates the following schedules:

- Schedule 1 specifies the products for which PHARMAC is requesting proposals and sets out the background to the RFP and the types of proposals sought;
- Schedule 2 describes the process that PHARMAC expects to follow in relation to the RFP;
- Schedule 3 sets out information about the estimated size of the current subsidised market for the products;
- Schedule 4 including Attachments 1, 3 and 4 specifies the information to be included in your proposal;
- Schedule 5 contains the RFP response form in which you are to provide details of your proposal (duplicated as Attachment 4 for respondents to complete); and
- Attachment 2 contains PHARMAC's standard terms for listing items on the Pharmaceutical Schedule.

If you wish to submit a proposal, you must submit it to PHARMAC no later than 5.00 p.m. on 15 June 2018

If you have any questions about this RFP, please **submit these via the [GETS](#) question and answer function.**

Please do not submit questions, or contact PHARMAC directly regarding this RFP.

We look forward to receiving your proposal.

Yours sincerely



Lisa Williams
Director of Operations

Schedule 1: Products, background to RFP and types of proposals sought

1. PHARMAC's objective

PHARMAC's objective is to secure for eligible people in need of pharmaceuticals, the best health outcomes that are reasonably achievable from pharmaceutical treatment and from within the amount of funding provided. The maintenance and management of a pharmaceutical schedule, is one of PHARMAC's functions in respect of this objective.

2. Pharmaceutical

PHARMAC is interested in considering proposals from suppliers of condoms and water-based lubricant for use with condoms.

3. Purpose

The purpose of this RFP is to secure supply of condoms and water-based lubricant for funding on the Pharmaceutical Schedule. It is expected that condoms and water-based lubricant will be listed in Section B of the Pharmaceutical Schedule, and shall be subject to listing agreements between suppliers and PHARMAC. Condoms and water-based lubricants from multiple suppliers may be listed on the Pharmaceutical Schedule, where appropriate.

Please note PHARMAC reserves the right at its sole option to list condoms and water-based lubricant in Section H of the Pharmaceutical Schedule to allow DHB hospitals an option to purchase condoms and water-based lubricant at the prices resulting from this RFP process. Notwithstanding this option all proposals will be evaluated fairly and consistently against each other on the basis of a listing in Section B of the Pharmaceutical Schedule only and hospital supply status will not be offered.

The categories of specific products sought are identified below:

- Male latex condoms
- Male non-latex condoms
- Female non-latex condoms
- Water-based lubricant for co-use with condoms (single-use sachets and/or multi-use packs)

A detailed specification of the required products is provided in Sections 6.1 and 7.5 of this RFP.

4. Definitions of terms used in this RFP

- (a) **Category/Categories** – Refers to the four groupings of products stated in this RFP (male latex condoms, male non-latex condoms, female non-latex condoms and water-based lubricant)
- (b) **Sole subsidised supply** – Pricing offered assuming the respondent is selected as the only supplier of a given product or presentation as outlined in section 7.5 for a period of up to three (3) years.

- (c) **Bundled pricing** – Pricing offered assuming the respondent has been awarded sole subsidised supply for up to three (3) years for one of the predefined bundles of products detailed in Section 7.1 of this RFP.
- (d) **Mandatory** – The information must be included in the respondent’s proposal. Proposals that do not include all mandatory information may be considered at PHARMAC’s sole discretion.
- (e) **Desirable** – PHARMAC has a strong preference for the information to be included in the respondent’s proposal.
- (f) **Optional** – The respondent may choose whether or not the requested information is included in their proposal.
- (g) **Products** – The term ‘products’ as stated in this RFP and referred to in Sections 6.1 and 7.5 of this RFP, shall mean each presentation of a product unless the context otherwise requires.

5. Background to RFP

The background to this RFP is as follows:

- (a) Condoms, which are currently funded, are an effective method for reducing the incidence of sexually transmitted infections (STIs).
- (b) All currently subsidised condoms are male latex condoms, which are not suitable for people with a latex allergy (approximately 1% of the population) or for women to protect themselves from STIs in situations where male condoms are not being used.
- (c) PHARMAC does not currently list any lubricant on the Pharmaceutical Schedule. The New Zealand Ministry of Health (MOH) recommends the use of suitable water-based lubricant with condoms, as they are less likely to tear if water-based lubricants are used.

5.1 Reasons for running this RFP

- (a) Female condoms and lubricants, which are not currently funded, were included in PHARMAC’s annual tender from 2014 to 2016, but no tender has been awarded.
- (b) Clinical advice obtained from the Tender Medical Evaluation Subcommittee (TMESC) of the Pharmacology and Therapeutics Advisory Committee (PTAC), other subcommittees of PTAC and other clinical experts is that condoms and lubricants should not be included in the annual tender, so PHARMAC staff are now approaching the market via a RFP with clear requirements and parameters for suppliers to respond to.
- (c) In April 2018 PHARMAC released a Request for Information (RFI) seeking feedback from the market regarding the range of products sought and the suitability of different commercial arrangements for their supply.
- (d) Feedback received in response to the RFI concluded that the range of products sought is appropriate. In addition, PHARMAC noted a preference for the use of bundling arrangements over other commercial arrangements such as rebates.

5.2 Expected outcomes of the RFP

PHARMAC expects to deliver the following outcomes as a result of this RFP:

- (a) Enter agreements with suppliers to supply the range of Products detailed in Sections 6.1 and 7.5 of this RFP.
- (b) Increase the range of subsidised sexual health products available to New Zealanders.
- (c) Secure future supply of a range of Products, at competitive prices for up to 3 years.
- (d) The proposed Products would be listed in Section B of the Pharmaceutical Schedule.

5.3 Relevant clinical advice

PHARMAC has obtained clinical advice from various subcommittees of PTAC, including the Reproductive and Sexual Health Subcommittee of PTAC. Meeting minutes can be found on PHARMAC's website:

<https://www.pharmac.govt.nz/assets/ptac-reproductive-and-sexual-health-subcommittee-minutes-2017-04.pdf>

<https://www.pharmac.govt.nz/assets/ptac-reproductive-and-sexual-health-subcommittee-minutes-2015-10.pdf>

<https://www.pharmac.govt.nz/assets/ptac-reproductive-and-sexual-health-subcommittee-minutes-2014-07.pdf>

<https://www.pharmac.govt.nz/assets/ptac-reproductive-and-sexual-health-subcommittee-minutes-2012-06-25.pdf>

5.4 Current Listing

Of the Products stated in this RFP, only male latex condoms are currently listed in Section B of the Pharmaceutical Schedule. These can be obtained either on prescription for individual named patients, or on a Practitioner's Supply Order (PSO). None of the Products in this RFP are currently listed in Section H of the Pharmaceutical Schedule.

As a result of this RFP PHARMAC intends to retain the access arrangements detailed above.

The exception to the above is water-based lubricant presented in multi-use packs 100 ml or larger which, if awarded as a result of this RFP, would be available on prescription only and not on a PSO.

PHARMAC may elect to restrict the quantity of subsidised condoms that can be provided to an individual at one time to a quantity suitable for three months' supply. PHARMAC estimates this to be 72 condoms, however differences in cost between subsidised latex and non-latex condoms may impact the quantity of non-latex condoms provided to an individual at one time.

Table 1 below details the current Pharmaceutical Schedule listings for male latex condoms:

Table 1 (Current Pharmaceutical Schedule listings)

		Subsidy/ Price (NZ\$)	Per	Fully Subsidised	Brand or Generic Manufacturer
CONDOMS					
*49 mm	Up to 144 dev available on a PSO	13.36	144	✓	Shield 49
*53 mm	Up to 144 dev available on a PSO	1.11	12	✓	Gold Knight
				✓	Shield Blue
		13.36	144	✓	Shield Blue
*53 mm (chocolate)	Up to 144 dev available on a PSO	1.11	12	✓	Gold Knight
		13.36	144	✓	Gold Knight
*53 mm (strawberry)	Up to 144 dev available on a PSO	1.11	12	✓	Gold Knight
		13.36	144	✓	Gold Knight
*56 mm	Up to 144 dev available on a PSO	1.11	12	✓	Gold Knight
		13.36	144	✓	Durex Extra Safe
				✓	Gold Knight
*56 mm, shaped	Up to 144 dev available on a PSO	1.11	12	✓	Durex Confidence
		13.36	144	✓	Durex Confidence
*60 mm	Up to 144 dev available on a PSO	13.36	144	✓	Shield XL

* Three months or six months, as applicable, dispensed all-at-once

5.5 Current Contractual Arrangements

The male latex condoms in the table above are currently provided by two suppliers:

- Jackson Allison.
- Reckitt Benckiser

In addition, PHARMAC currently has contracts in place to supply bulk quantities of male latex condoms to the following organisations:

- New Zealand Prostitutes Collective
- New Zealand Aids Foundation
- Family Planning clinics.

6. Scope

PHARMAC is seeking proposals for condoms and water-based lubricant to be listed in Section B of the Pharmaceutical Schedule. Full details of the range of Products to be listed are provided in Section 6.1 and 7.5.

6.1 In scope

Male latex condoms

- <52 mm (nominal width)

- 52 mm to 54 mm (nominal width)
- 55 mm to 58 mm (nominal width) offered in the following variations:
 - flavoured
 - <0.05 mm (thickness)
 - 0.06-0.07 mm (thickness)
 - ≥0.08 mm (thickness)
- >58 mm (nominal width)

Male non-latex condoms

- 55 mm to 58 mm (nominal width)

Female non-latex condoms

- No pre-determined specifications

Water-based lubricant for co-use with condoms

- Single-use sachets 4 ml/grams or larger
- Multi-use packs 100 ml or larger

PHARMAC has a preference for supply of all of the above Products in dispensing packs, presented in consumer level packaging.

PHARMAC is interested in receiving proposals for the supply of male condoms (latex and non-latex) in a range of colours. Feedback from stakeholders has indicated a preference for male condoms that are red or black.

As a result of this RFP, it is PHARMAC's intention to supply one single-use water-based lubricant sachet with every subsidised condom distributed.

Proposals for the supply of water-based lubricant in multi-use packs will only be considered where the proposal also includes single-use sachets of water-based lubricant.

6.2 Out of scope products

For the avoidance of doubt the following products and activities out of scope of this RFP:

- Spermicidal condoms
- Spermicidal lubricant
- Non-water-based lubricant
- Water-based lubricant in pack sizes <100 ml not presented in single-use sachets
- Proposals including water-based lubricant in pack sizes 100 ml or larger, that do not also include single-use sachets of water-based lubricant
- Diaphragms and other contraceptives
- Education and training services
- Anything not listed as in scope, or discussed within this document.

In situations where higher prices are tendered for male non-latex condoms compared to latex alternatives, funded access may be restricted to patients with documented evidence of a latex allergy. Currently no funding restrictions are proposed for access to female condoms.

7. Proposals sought

Respondents may submit proposals to supply any or all of the Products detailed in Section 6.1 and Section 7.5 of this RFP. PHARMAC acknowledges that it is unlikely that one supplier would be able to competitively supply the full range of Products included in the RFP. Therefore, PHARMAC anticipates that contracts would be awarded to multiple suppliers as a result of this RFP.

7.1 Supply Arrangements

It is PHARMAC's intention to award sole subsidised supply agreements for the categories of Products detailed in Section 6.1 and 7.5 for use in the community for a period of up to three (3) years. Sole subsidised supply will be offered at the following levels:

- For male latex condoms, sole subsidised supply will be offered at the nominal width level for all sizes except 55 mm-58 mm where sole subsidised supply will be offered at the individual thickness or flavour level (but not colour).
 - Within each nominal width respondents may propose a range of sizes, thicknesses, flavours and colours.
- For male non-latex condoms, sole subsidised supply will be offered at the nominal thickness level.
 - Within the nominal width range respondents may propose a range of sizes, thicknesses, flavours and colours.
- For female condoms, sole subsidised supply will be offered at the individual product level.
- For water-based lubricant, sole subsidised supply will be offered at the single-use water-based lubricant sachet level.
 - Proposals including multi-use packs will only be considered if the proposal also includes single-use water-based lubricant sachets.

Further detail of these arrangements and PHARMAC's preferences are provided in Section 7.5

Bulk Supply

PHARMAC may choose to award sole subsidised supply for large pack sizes of loose units of male latex condoms and single-use water-based lubricant sachets suitable for bulk distribution to organisations that promote sexual health, for example the New Zealand Prostitutes Collective, New Zealand Aids Foundation, and Family Planning Clinics. Sole subsidised supply of bulk packs will only be awarded if the supplier has also been awarded sole subsidised supply of the equivalent dispensing packs.

Bundled products

In addition to sole subsidised supply, PHARMAC is willing to consider bundling arrangements for supply of the Products detailed in section 6.1 and 7.5. Where respondents choose to submit proposals including bundling arrangements, PHARMAC requires that any such bundling arrangements are limited to the predefined bundles detailed below.

Bundle one:

- Female non-latex condoms and male non-latex condoms

Bundle two:

- A combination of male latex condoms <52 mm (nominal width), 52 mm-54 mm (nominal width) and/or >58 mm (nominal width)

Bundle three:

- Male latex condoms 55 mm-58 mm (nominal width) in a combination of the following variations:
 - Flavoured
 - <0.05 mm (thickness)
 - 0.06-0.07 mm (thickness)
 - ≥0.08 mm (thickness)

Bundles other than those detailed above will not be accepted. Bundles including products out of scope of this procurement will also not be considered.

For the avoidance of doubt, water-based lubricant (single-use sachets and multi-use packs) cannot be included in any bundling arrangements.

7.2 Out of scope proposals

PHARMAC is not willing to consider the following types of proposals:

- Proposals that include patient education or support services.
- Proposals that involve foreign currency exchange rate clauses or prices linked to any index.
- Two-part pricing arrangements, whereby PHARMAC may make an up-front payment (in addition to any ongoing subsidy) in return for the listing of a Product on specific terms.
- Proposals where your product/s are yet to obtain all necessary Consents (where Consents means all consents, permits, licences and authorisations, whether statutory or otherwise, required for the supply of the Product in New Zealand (including Ministry of Health market approval)).
- Commercial arrangements including items not included in the scope of this RFP.

Subject to the above, PHARMAC is open to considering any other types of proposals you may wish to put forward.

7.3 Mandatory requirements

- (a) Proposals **must** include all mandatory information requested, in Schedule 5 of this RFP (further details are provided in Schedule 4)
- (b) Respondents **must** complete Attachment 1 detailing all pricing information for the supply of condoms and water-based lubricant.
 - (i) Attachment 1 **must** include pricing for each product included in a respondent's proposal.
 - (ii) If a respondent offers bundling, pricing for these arrangements including individual pricing for each item offered in the bundle, **must** be included in Attachment 1.
- (c) The scope of bundling arrangements **must** be limited to the predefined bundles detailed in Section 7.1 of this RFP. For the avoidance of doubt, alternative bundling arrangements other than those described in Section 7.1 will not be considered
- (d) Respondents **must** provide PHARMAC with Product samples including packaging, artwork and user instructions suitable for the New Zealand market for all the Products included in their proposal. If the samples differ from the Product that is to be supplied, information about differences must be supplied in the response document in Schedule 5, or within 10 business days from the date specified in Schedule 2, clause 1 (c).
 - (i) PHARMAC does not require physical samples of outers to be provided. Instead Respondents may provide a photo and dimensions of the outer.
 - (ii) PHARMAC has a preference for condom and water-based lubricant samples to be provided in the smallest dispensing pack size available.
- (e) For all products included in the response to this RFP respondents **must** provide details of the relevant standards that the product satisfies in order to be distributed to the New Zealand market.

More information about the [approved Standards](#) and legislation for distributing condoms in New Zealand can be found on the Medsafe website.

7.4 Transition Period

Where required, PHARMAC may implement a transition period in the event that this RFP results in any changes to the market for subsidised condoms. PHARMAC may maintain the listing and funding of any outgoing supplier's products to allow a well-managed transition.

7.5 Detailed Product Specification

Product	Presentation	Sole Subsidised Supply offered	Preferences
Male latex condoms	○ <52 mm (nominal width)	○ Offered at the nominal width level	Where a colour is offered, feedback from key stakeholders has indicated a preference for condoms that are red or black
	○ 52 mm-54 mm (nominal width)	○ Offered at the nominal width level	Where a colour is offered, feedback from key stakeholders has indicated a preference for condoms that are red or black
	○ 55 mm-58 mm (nominal width) offered in the following variations <ul style="list-style-type: none"> ▪ Flavoured ▪ <0.05 mm (thickness) ▪ 0.06-0.07 mm (thickness) ▪ ≥0.08 mm (thickness) 	○ Offered at the flavoured or individual thickness level	Respondents may wish to offer 55mm to 58mm condoms in a variety of shapes Where a colour is offered, feedback from key stakeholders has indicated a preference for condoms that are red or black
	○ >58 mm (nominal width)	○ Offered at the nominal width level	Where a colour is offered, feedback from key stakeholders has indicated a preference for condoms that are red or black
Male non-latex condoms	○ 55mm-58 mm (nominal width)	○ Offered at the nominal width level	Not Applicable
Female non-latex condoms	○ Female non-latex condoms	○ Offered at the product level	Not Applicable
Water-based lubricant	○ Single-use water-based lubricant sachets for co-use with condoms 4 ml/grams or larger ○ 100 ml or larger packs	○ Offered at the sachet level	Single-use sachets are preferred over larger presentations, however, bids for single-use sachets accompanied by multi-use packs 100ml or larger will be permitted.

Where a proposal includes coloured offerings for any of the presentations identified above the pricing offered must not be greater than uncoloured presentations.

Where sole subsidised supply is offered at the nominal width level proposals may include additional thicknesses or flavours of that presentation. Where additional flavours or thicknesses are offered the pricing offered must not be greater than pricing for standard thickness or unflavoured presentations (as applicable).

Within each of the nominal width ranges above a proposal could include one or more sizes. For example, within the 55mm- 58mm nominal width range a Respondent may wish to offer both 54mm and 56mm nominal width condoms. Where multiple nominal widths are offered the pricing must be consistent across the presentation.

Schedule 2: RFP process

PHARMAC expects to follow the process set out below in the sequence indicated.

1. Submission

- (a) You may submit more than one proposal. Each proposal will be considered as a separate proposal.
- (b) PHARMAC may publish any questions and answers raised regarding this RFP via GETS.
- (c) Proposals must be submitted to PHARMAC via the Government Electronic Tenders Service (GETS) no later than 5:00 p.m. (New Zealand time) on 15 June 2018. Late proposals will only be considered at PHARMAC's discretion, considering the need for fairness to other suppliers and integrity of the RFP process.
- (d) You cannot withdraw your proposal, once submitted, while the RFP process is continuing.

2. Evaluation

- (a) Following the deadline for submitting proposals, an Evaluation Committee comprising PHARMAC staff will evaluate each proposal to select its preferred proposal(s).
- (b) The Evaluation Committee will evaluate proposals in light of PHARMAC's statutory objective which is "to secure for eligible people in need of pharmaceuticals, the best health outcomes that are reasonably achievable from pharmaceutical treatment and from within the amount of funding provided". In doing so the Evaluation Committee will be guided by the [Factors for Consideration \(Factors\)](#) that form part of PHARMAC's then current [Operating Policies and Procedures \(OPPs\)](#), as published on PHARMAC's website (www.pharmac.govt.nz), to the extent applicable
- (c) The basis on which the Evaluation Committee will evaluate proposals, and the weight to be given to the criteria and other matters that it considers relevant, are to be determined by the Evaluation Committee at its sole discretion. The matters to be taken into account by the Evaluation Committee will, however, include:
 - (i) any clinical advice from PTAC or its relevant Subcommittees;
 - (ii) compliance with the [approved Standards](#) for contraceptive devices as per Medicines Act 1981 and the Contraception, Sterilisation and Abortion Act 1977 – Section 6;
 - (iii) pack size suitability for dispensing to patients via pharmacies and bulk supply;
 - (iv) packaging, and artwork suitable for the New Zealand market;
 - (v) ease of opening individual unit packaging
 - (vi) appropriate labelling and instructions for the New Zealand market;

- (vii) consultation and product acceptability for key stakeholders;
 - (viii) supplier record including, but not limited to:
 - (A) capability and capacity to ensure continuity of supply
 - (B) established track record of providing similar products
 - (C) product quality, and consumer confidence
 - (ix) appropriate range of sizes, flavours, colours – male condoms;
 - (x) lead time to supply;
 - (xi) price; and
 - (xii) any other matters that the Evaluation Committee considers to be relevant (provided that PHARMAC will notify such matters and allow an opportunity for respondents to address them).
- (d) Each proposal will be evaluated on the basis that the price offered, the expenditure entailed, and any other terms included in the proposal, are the best that the supplier is able to offer. If you do not put forward your best terms you risk having your proposal excluded at the evaluation stage.
- (e) PHARMAC is not bound to select the lowest priced proposal or any proposal.

3. **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 proposal, including (but not limited to) detailed information about your company structure, credit status and any other relevant company information.
- (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, provided that in PHARMAC's judgment this would not be unfair to any other party.

4. **Negotiation**

- (a) PHARMAC may negotiate with the respondent(s) of one or more preferred proposal(s), whether or not the acceptance of any respondent's proposal would exclude acceptance of any other proposal(s).
- (b) Negotiations will proceed on the basis that PHARMAC's standard terms and conditions for the supply of pharmaceuticals, which are available as a download (Attachment 2) from GETS, will apply.
- (d) Given that PHARMAC expects your proposal to be the best you can offer, PHARMAC does not intend to initiate negotiation with you on price. However, PHARMAC does not exclude the possibility that the final price agreed will be different from the price put forward in your proposal, as a result of the impact that other negotiated terms may have on price.

- (e) PHARMAC may negotiate and enter into a provisional agreement with a preferred respondent(s) on whatever special terms, in addition to PHARMAC's standard terms and conditions, PHARMAC considers appropriate.
- (f) If PHARMAC and the supplier(s) are unable to reach a provisional agreement within what PHARMAC considers to be a reasonable time, PHARMAC may terminate those negotiations and negotiate with a different supplier(s).

5. Consultation and approval

- (a) Any provisional agreement will be conditional on consultation with suppliers and other interested parties, to the extent PHARMAC considers consultation to be necessary or appropriate, and on Board approval (or approval by the Board's delegate acting under delegated authority).
- (b) PHARMAC will not consider any counter-offers received during consultation.
- (c) The provisional agreement and responses to consultation will be considered by PHARMAC's Board (or by the Board's delegate acting under delegated authority) in accordance with the Factors in PHARMAC's then current OPPs.
- (d) If the Board or its delegate does not approve the provisional agreement, then PHARMAC may initiate negotiations for a provisional agreement with any other supplier(s).
- (e) The RFP process will be complete once PHARMAC has notified suppliers of either:
 - (i) the Board's or its delegate's decision to accept a negotiated agreement; or
 - (ii) the termination of the RFP process.

6. Miscellaneous

- (a) PHARMAC reserves the right, having regard to probity principles:
 - (i) to make such adjustments to the above RFP process as it considers appropriate, at any time during the process, provided that it notifies suppliers affected by those changes;
 - (ii) not to accept any proposal;
 - (iii) to seek clarification of any proposal;
 - (iv) to meet with any supplier in relation to its proposal;
 - (v) to enter into an agreement or arrangement that differs in material respects from that envisaged in this RFP letter;
 - (vi) to suspend this RFP process. For example, if during the RFP process (and before a provisional agreement is entered into) it becomes apparent to PHARMAC that further consultation is appropriate or required we may suspend the RFP process in order to consult. In this situation we may ask you to adapt and resubmit your proposal in light of consultation, or alternatively we may request that new proposals be submitted;

- (vii) to terminate this RFP process at any time, by notifying suppliers who submitted proposals, and, following termination, to negotiate with any supplier(s) on whatever terms PHARMAC thinks fit;
- (viii) to re-advertise for proposals.
- (b) PHARMAC may consult or seek clinical advice from PTAC or its relevant Sub-committees at any stage of the RFP process. PHARMAC will notify you if the clinical advice results in any changes to the terms of the RFP.
- (c) You must not initiate or engage in any communication with other suppliers in relation to the RFP, whether before or after submitting their proposal(s), until such time as a provisional agreement is accepted by PHARMAC's Board or the Board's delegate.
- (d) You must not at any time initiate any communication with PHARMAC, the Ministry of Health (including its operation unit Medsafe), the Minister of Health (or any Associate Ministers) or DHBs, or advisors to PHARMAC, with a view to influencing the outcome of this RFP process.
- (e) You must pay your own costs for preparing and submitting your proposal.
- (f) Proposals are submitted in reliance on your own knowledge, skill, and independent advice, and not in reliance on any representations made by PHARMAC.
- (g) Your submission of a proposal will be taken as acceptance of the terms contained in this RFP. PHARMAC may exclude your proposal if you do not comply with any of the terms contained in this RFP document.
- (h) This is an RFP and not a tender. Your proposal is not an offer capable of being converted into a contract for the supply of condoms and water-based lubricant by PHARMAC's apparent acceptance and instead a separate agreement needs to be negotiated.
- (i) PHARMAC is not liable in any 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 RFP.
- (j) PHARMAC will consider your proposal and information exchanged between the parties in any negotiations relating to your proposal, excluding information already in the public domain, to be confidential to us and our employees, legal advisors and other consultants, the Ministry of Health and DHBs (**Confidential Information**). However, you acknowledge that it may be necessary or appropriate for PHARMAC to release Confidential Information:
 - (i) pursuant to the Official Information Act 1982; or
 - (ii) in the course of consultation on a provisional agreement entered into with a supplier; or
 - (iii) in publicly notifying any approval by the PHARMAC Board of that agreement; or
 - (iv) 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 sub-clauses (i) to (iv) above. 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.

7. **Anticipated timetable**

- (a) Following receipt of proposals, PHARMAC anticipates:
 - (i) the Evaluation Committee evaluating proposals in **June 2018**
 - (ii) negotiating with submitter(s) of one or more preferred proposals in **July 2018**
 - (iii) consulting on a provisional agreement in **August 2018**
 - (iv) PHARMAC's Board, or the Board's delegate, considering this provisional agreement in or after **September 2018**

provided that the above time frames are only approximate and may be extended, without notice being required from PHARMAC, if any stages of the RFP process take longer than anticipated.

- (b) Under this indicative timetable, the earliest that changes to the Pharmaceutical Schedule could be implemented is **December 2018**
- (c) Please note that if a proposal for sole supply is accepted, the date of implementation may be later to allow for an orderly transition to any sole supply arrangement.

8. **Governing Law**

This RFP is governed by New Zealand law, and the New Zealand courts have exclusive jurisdiction in all matters relating to this RFP

Schedule 3: Current listing and market information

The following information provides current and estimated usage of the Products detailed in this RFP. The information is approximate and indicative only. PHARMAC makes no representation as to the accuracy of this information or as to the level of sales or likely sales of condoms and single-use water-based lubricant sachets and, while PHARMAC has taken all reasonable care in preparing the information set out below, it accepts no liability for any errors or omissions in the information. PHARMAC is not obliged to notify you in the event of any change to the figures below.

You acknowledge and agree that in submitting your proposal that you will rely on your own knowledge, skill and independent advice or assessment of the market size for any Product included in the RFP and PHARMAC is to have no liability in that regard.

1 Historic Usage of male latex condoms

Table 2 below details the usage of male latex condoms over the last five years. Note that units = one individual condom

Table 2 (Historic usage of male latex condoms)

Male latex condoms	2013	2014	2015	2016	2017
49 mm	128,298	68,609	56,570	49,950	45,348
52 mm	863,652	736,968	429,070	112,562	14,106
52 mm extra strength	143,256	101,800	92,230	41,950	8,016
53 mm	445,702	356,760	230,756	183,294	92,172
53 mm (Chocolate)	94,576	107,141	115,516	209,824	245,940
53 mm (Strawberry)	94,134	102,378	106,818	192,904	238,224
53 mm extra strength	11,172	5,628			
54 mm shaped	5,678	9,912	8,496	7,536	1,968

Male latex condoms	2013	2014	2015	2016	2017
55 mm	118,926	106,830	177,229	128,732	11,446
56 mm	663,195	665,189	546,658	264,247	281,689
56 mm shaped	5,902,775	5,422,875	5,550,522	6,022,786	6,000,828
60 mm	148,405	166,673	166,564	178,353	183,132
Total Units	8,619,769	7,850,763	7,480,429	7,392,138	7,122,869

**Condom usage measured in units*

1.1 Distribution Agreements

In 2017 PHARMAC entered into agreements to supply male latex condoms directly to the New Zealand Prostitutes Collective, New Zealand Aids Foundation and Family Planning clinics (i.e. not dispensed via a retail community pharmacy). Table 3 provides the current usage of male latex condoms distributed to NZ Prostitutes Collective and NZ Aids Foundation for the period July 2017-December 2017. Family Planning has only recently entered into an agreement with PHARMAC, so its usage data is not yet available. Previous usage by Family Planning clinics was captured as part of community dispensing data (reflected in Table 2 above).

Table 3 (Volume Supply Agreements)

Supply arrangement	Male latex condoms supplied to NZ Prostitutes Collective and NZ Aids Foundation July 2017 – December 2017
Direct distribution	480,600

**Condoms supplied measured in units*

2 Forecast usage of male latex condoms

Table 4 below provides potential future usage (unit) rates for male latex condoms under three scenarios that differ depending on the size of the total condom market (meaning all condom sales in NZ, regardless of whether or not they are subsidised). Years refer to financial years ending 30 June.

Table 4 (Estimated usage of male latex condoms)

Scenario		2018	2019	2020	2021
Pessimistic Case	Estimated total condom market	14,140,000	14,281,400	14,424,214	14,568,456
	Subsidised condom market	7,070,000	7,140,700	7,212,107	7,284,228
Base Case	Estimated total condom market	16,160,000	16,321,600	16,484,816	16,649,664
	Subsidised condom market	7,670,414	7,747,118	7,824,589	7,902,835
Optimistic Case	Estimated total condom market	18,180,000	18,361,800	18,545,418	18,730,872
	Subsidised condom market	9,090,000	9,180,900	9,272,709	9,365,436

**Condom market measured in units*

**Estimated 50% of New Zealand's condom market is subsidised*

**Assumes 1% growth rate per annum*

**Base Case is derived from historic usage data*

**Pessimistic and Optimistic Cases are based on potential scenarios*

3 Forecast usage of subsidised male non-latex condoms, female condoms and single-use water based lubricant sachets

Male non-latex condoms and female condoms are currently not listed on the Pharmaceutical Schedule, so there is no current usage data available for these products. The tables below provide a range of potential usage rates, if these products were to become subsidised.

3.1 Male non-latex condoms

Table 5 below provides estimated usage rates for male non-latex condoms under three potential scenarios that vary depending on the size of the condom market.

Table 5 (Estimated usage rates for male non-latex condoms)

Estimated total condom market (Units per annum)	Estimated single-use water based lubricant sachets usage			
	2018	2019	2020	2021
14,000,000 (Pessimistic Case)	288,484	291,369	294,283	297,226
16,000,000 (Base Case)	329,696	332,993	336,323	339,686
18,000,000 (Optimistic Case)	370,908	374,617	378,364	382,147

**Estimated condom market measured in units*

**Assumes access is restricted to individuals with a documented latex allergy*

**Assumes likelihood of latex allergy is 2% of the entire condom market*

**Assumes the non-latex market is 2% of the total condom market*

**Assumes an annual condom market growth rate of 1%*

**Estimate of Base Case is derived from historical usage*

**Pessimistic and Optimistic cases are based on assumptions of potential scenarios*

3.2 Forecast usage of female non-latex condoms

Table 6 provides estimated usage rates for female non-latex condoms under three different scenarios that vary depending on the size of the user population.

Table 6 (Estimated usage rates for female non-latex condoms)

User population	2018	2019	2020	2021
1,000 (Pessimistic Case)	53,576.00	54,111.00	54,653.00	55,199.00
2,000 (Base Case)	107,151	108,223	109,305	110,398
3,000 (Optimistic Case)	160,727	162,334	163,958	165,597

**Estimated usage measured in units*

**Estimated usage is based on PHARMAC analysis*

**Assumes usage rates of 1 condom per week per user*

**Assumes annual user population growth rate of 1%*

3.3 Forecast usage of single-use water-based lubricant sachets

Table 7 provides a range of estimated usage rates for single-use water based lubricant sachets under 3 different scenarios that vary depending on the usage of the various condoms discussed in this document. Estimated usage rates have not been provided for water-based lubricant in multi-use packs 100ml or larger.

Table 7 (Estimated usage of single use water-based lubricant sachets)

Total subsidised condom usage (Units per annum)	Estimated single-use water based lubricant sachets usage			
	2018	2019	2020	2021
Pessimistic Case	8,012,474	8,092,598	8,173,525	8,255,260
Base Case	8,818,308	8,906,491	8,995,556	9,085,512
Optimistic	8,202,049	8,284,069	8,366,911	8,450,579

**Estimated usage measured in units*

**Assumes usage rates of 1 sachet per condom*

**Assumes annual growth rate of 1%*

Schedule: 4 RFP response form guidance

Table 8 (RFP response form guidance)

Requirement	Evidence requirement	Response
Product sample details	Samples of all products detailed in Attachment 1 are provided to PHARMAC. For outer packaging, photos and dimensions rather than actual samples are to be provided	Mandatory
Details of Product presentation	Relevant tables are completed in Schedule 5	Mandatory
Pricing information	Attachment 1 is completed including details of any assumptions made and details of any bundling arrangements offered.	Mandatory
Capability and Capacity	Background information about your organisation is provided Details of your proposed role for the supply of Products Details of your other major markets including existing customers within New Zealand and overseas Information about your current supply and distribution arrangements for Products is provided Information of your ability to ensure consistent quality	Mandatory
Key features of your proposal	Reasons why PHARMAC should accept your proposal	Mandatory
	Information about your sustainability and management practices is provided	Desirable
	Details of additional information PHARMAC should consider when evaluating your proposal	Optional
Evidence of compliance with legislation and standards	Information about the relevant standards your Products comply with in order to be distributed in the New Zealand market	Desirable
	For each category the relevant standards your Products comply with are identified and your relevant certification number is provided.	Mandatory
	Certification number is provided for relevant standards	Desirable

Table 8 details whether the information requested in the RFP response form in Schedule 5 is Mandatory, Desirable or Optional to include.

Schedule 5: RFP response form

Respondent to expand the boxes as necessary.

[Respondent to insert date]

Chief Executive
C/- Josh Wiles
PHARMAC
PO Box 10-254
(or for courier delivery:
Level 9
40 Mercer Street)
Wellington 6011
New Zealand

Dear Sir/Madam

Proposal for the supply of Condoms and Water-based Lubricant

In response to your request for proposals (RFP) dated **[insert date]**, we put forward the following proposal in respect of **[insert product/s]**.

Set out below is information in support of our proposal.

1. Contact details:

Name of supplier	
Contact person	
Address	
Phone	
Email address	

2. Product sample details:

- a. Provide details if the samples provided differ from the products proposed to be supplied in Attachment One

3. Details of product presentation:

Respondents to duplicate the tables below as necessary for each presentation

a. Male latex condoms

Presentation	
Brand name	
Nominal width(s)	
Pack size (number of units)	
Packaging type (e.g. dispensing, bulk)	
Thickness(es)	
Flavours	
Colours	
Any other details	

b. Male non-latex condoms

Brand name	
Nominal width(s)	
Pack size (number of units)	
Packaging type (e.g. dispensing, bulk)	
Any other details	

c. Female non-latex condoms

Brand name	
Pack size (number of units)	
Packaging type (e.g. dispensing, bulk)	
Any other details	

d. Single-use water-based lubricant sachets

Brand name	
Pack size (number of sachets)	
Sachet size	
Any other details	

e. Multi-use water-based lubricant packs

Brand name	
Pack size (must be 100 ml or greater)	
Any other details	

4. Capability and Capacity:

- a. Provide background information about your organisation

- b. Provide details of your organisation's proposed role in the supply of the products discussed in this RFP. For example, are you a manufacturer or distributor? (if you are a distributor please provide details of the terms of any agreements such as duration and exclusivity).

- c. Provide details of your organisation's other major markets, including existing and previous customers, both within New Zealand and overseas

- d. Provide information about your organisation's current supply and distribution arrangements for the products discussed in this RFP including:

- track record,
- supply volumes
- lead times to supply (in a stable demand scenario, in the event of supply disruptions and when there is an unexpected surge in demand)
- capability and capacity to ensure continuity of supply

- e. Provide information about your organisation's ability to ensure consistent quality including processes to ensure production consistency, current complaints management processes and your ability to recall stock, refund or credit for damaged or faulty goods:

5. Key features of your proposal:

- a. Reasons why PHARMAC should accept your proposal:

- b. Information about your sustainability and environmental management practices such as minimising product packaging:

- c. Additional information that PHARMAC should consider when evaluating your proposal:

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6. **Evidence of compliance with standards and legislation:**

- a. In the table below for each category (as applicable) please identify and provide information about the relevant standards that your products comply with in order to be distributed within the New Zealand market including your certification with number. More information about the [approved Standards](#) and legislation for distributing condoms in New Zealand can be found on the Medsafe website.

Male latex condoms
<i>Relevant standard:</i>
<i>Certification number:</i>
Male non-latex condoms
<i>Relevant standard:</i>
<i>Certification number:</i>
Female non-latex condoms
<i>Relevant standard:</i>
<i>Certification number:</i>
Water-based lubricant
<i>Relevant standard:</i>
<i>Certification number:</i>