



**Australian
Competition &
Consumer
Commission**

Our Ref: C2006/1868
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10 November 2006

Stephen Ridgeway
Partner
Blake Dawson Waldron
GPO Box 4958
MELBOURNE VIC 3001

Dear Mr Ridgeway

**Third line forcing notification N41022 lodged by
Allco Principal Finance Nominees Pty Ltd (Allco)
as trustee for Gateway Pharmacy Finance Trust**

I refer to the above third line forcing notification lodged with the Australian Competition and Consumer Commission (the ACCC) by Allco on 28 September 2006. Thank you for the further information provided to us in relation to this notification on 20 October and 9 November 2006. This notification and correspondence has been placed on the ACCC's public register.

Allco described the conduct the subject of the notification as follows:

'The provision of discounted commercial credit to retail pharmacy businesses by Allco on the *condition* that the retail pharmacy business acquire a specified level of trading stock from Sigma Company Limited (Sigma).'

I note from your letter of 20 October 2006 that applications for finance will only be made available to key Sigma supporting pharmaceutical retailers where the retailer has committed to purchasing a minimum of 85% of its required wholesale product needs from Sigma, and Sigma is their first line Generics and OTC provider. This level of trading stock will be required to be maintained by pharmaceutical retailers during the course of the loan.



I also note that under the proposed loan arrangement Sigma will not require, or attempt to influence, pharmacists to purchase particular products from Sigma's wholesale product line or recommend particular products to customers. Pharmacists will at all times continue to maintain complete discretion in relation to which products (out of Sigma's range of approximately 13,000 products) are ordered.

Further, I understand that Sigma is contractually obliged to the Australian Government Department of Health and Ageing as a Community Service Obligation (CSO) Distributor to carry the entire range of Pharmaceutical Benefit Scheme Products (PBS) products, regardless of who manufactures those products.

On the basis of the information provided, it is not intended that further action be taken in this matter at this stage.

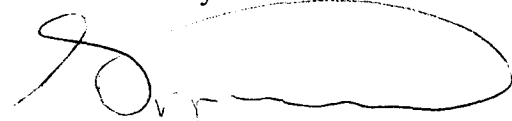
Legal immunity conferred by this notification commenced on 12 October 2006.

Please note that the ACCC may act to remove the immunity afforded by this notification at a later stage if it is satisfied that the likely benefit to the public from the conduct will not outweigh the likely detriment to the public from the conduct. Should the ACCC receive information from interested parties that raise concerns about the notified arrangement, the ACCC may initiate a review of the notification.

Finally, I note that the correct lodgement fee in this instance is \$100. I enclose a cheque for the amount of \$900 to refund the overpayment made on lodgement.

This letter has been placed on the ACCC's public register. If you wish to discuss any aspect of this matter, please do not hesitate to contact Tina Pigliardo on (03) 9290 1481.

Yours sincerely



Scott Gregson
General Manager
Adjudication Branch