

MSD

Merck Sharp & Dohme (Australia) Pty Limited
ABN: 14 000 173 508
Level 4, 66 Waterloo Road
North Ryde NSW 2113
Locked Bag 2234 North Ryde NSW 1670
T 02 8988 8000
F 02 8988 8001
msd-australia.com.au

31 July 2012



MSD's submission to the Australian Competition and Consumer Commission (ACCC) in relation to Medicines Australia's application for reauthorisation of its Code of Conduct (Edition 17 of the Code of Conduct)

Dear Sir/Madam

Merck Sharp & Dohme (Australia) Pty Ltd's ("**MSD**") submission to the Australian Competition and Consumer Commission in support of Medicines Australia Limited's ("**Medicines Australia**") application for reauthorisation of Edition 17 Code of Conduct ("**Code**") is set out below.

The most significant change introduced by Edition 17 of the Code of Conduct, if authorised by the ACCC, is the requirement for member companies, such as MSD, to provide public disclosure of aggregate payments to doctors and consumer groups for the first time. MSD supports this substantial change to the Code and the operation of the innovator pharmaceutical industry in Australia. MSD believes that this change to the Code represents a significant shift towards greater transparency by the innovator pharmaceutical industry and will go a long way to building trust and public confidence in our industry and MA member companies.

However, public disclosure and transparency within the pharmaceutical industry is a process that involves many different stakeholders, not just innovator pharmaceutical companies such as MSD. It also involves medical professionals, consumer health bodies, the broader public, and those pharmaceutical companies who are not members of MA. Some of these stakeholders are involved in the process of disclosure envisaged by Edition 17 of the Code. Disclosure of aggregate financial support is a step that is unprecedented in Australian business practices – across any industry. We believe that as a result of Edition 17 of the Code, the innovator pharmaceutical industry will be setting the highest standard for transparency in its interactions with its customers while allowing stakeholders involved the opportunity to address the issues involved with, and adjust to, such disclosure. MSD considers that such issues include privacy, which will require MSD to ensure that all of those healthcare professionals we provide financial assistance to consent to the disclosure of such payments.

MSD also considers it important to balance the needs of increasing transparency with the compliance workload and consequential costs on those pharmaceutical companies that are MA member companies. In this regard MSD notes that not all of our competitors are subject to the rigor of the Code, and therefore will not be subject to any increasing transparency or compliance burden. We also note that a greatly increased compliance burden, and greater differential between MA member and non-MA member pharmaceutical companies, would result if the ACCC required MA member companies to disclose individual healthcare professional payments.

For all of the above reasons, MSD supports the requirement that MA member companies report in aggregate amounts:

- all payments made to healthcare professionals for advisory boards and consultancy arrangements;
- all sponsorships of healthcare professionals to attend medical conferences and educational events;
- all payments made to speakers at educational events; and
- all sponsorships of all individual consumer organisations for each financial year, including the estimated value of non-monetary support.

MSD is a global healthcare leader working to help the world be well. Our products cover a broad range of areas, including heart and respiratory health, infectious diseases and women's health. We focus our research on conditions that affect millions of Australians – diseases like osteoporosis, cardiovascular, diabetes and cancer – while building strengths in new areas like biologics.

Because millions of people in Australia and around the world depend on our products, we are committed to the highest standards of ethics and integrity in how we conduct ourselves as a company. MSD acknowledges that our integrity and credibility is an enabler in building trust with consumers and health care professionals. We believe the proposed change in Edition 17 of the Code requiring us to publicly disclose aggregate payments to doctors and consumers both supports this process and is consistent with emerging community expectations for our industry.

Yours faithfully



Dr Susanne Fiedler
Managing Director
Australia & New Zealand

Merck/MSD is a global healthcare company and is known as MSD outside the United States and Canada. Through our prescription medicines, vaccines, biologic therapies, and consumer care and animal health products, we work with customers and operate in more than 140 countries to deliver innovative health solutions. We also demonstrate our commitment to increasing access to healthcare through far-reaching policies, programs and partnerships. For more information, visit <http://www.merck.com> and connect with us on Twitter, Facebook and YouTube.