

Statement - Supplier Induced Demand

11 DECEMBER 2018

1. The Health Market Inquiry (“HMI”) is in receipt of 67 written responses to its Provisional findings and recommendations Report and is studying these and will consider these in writing the final report.
2. Notice has also been issued about three seminars that the HMI will conduct to engage further with stakeholders.
3. One response from Netcare Group’s submission requires a short response by the HMI Panel. Netcare has alleged that the HMI’s inclusion of the theory of Supply Induced Demand (“SID”) and the findings in Chapter 8 arise from Discovery Health’s influence.
4. The Panel conducting the Inquiry are independent and subject only to the Constitution and the law. Further in conducting this Inquiry, the Panel has been and continues to be transparent, impartial and performs its functions without fear, favour or prejudice. The Panel therefore refutes any allegations that it has unduly been influenced by Discovery Health, or any other party in its findings in Chapter 8, as well as in performing its functions generally.
5. SID is well-acknowledged in all health care markets.
6. SID was raised in several previous merger transactions adjudicated by the Competition Tribunal as early as 2005.
7. SID was identified by various stakeholders as a key issue that required investigation in the HMI from its very conception. This is indicated in the various submissions in the public domain on the HMI website.
8. Moreover, SID was identified as a key area of investigation for the HMI. This is reflected in the Terms of Reference of the HMI (2013), the Statement of Issues (2014) and the Revised Statement of Issues (2016). All stakeholders, including Netcare, were granted an opportunity to comment on these documents.
9. The Panel reiterates that Discovery Health had no influence in identifying SID as a topic for investigation, did not influence the methodology adopted by the Panel in analysing SID and did not influence the findings in Chapter 8.