

# Health report

Hon Peter Dunne (Associate Minister of Health)  
cc Hon Tony Ryall (Minister of Health)



## Outcome of the tender evaluation for Regional and National Services to Prevent and Minimise Gambling Harm

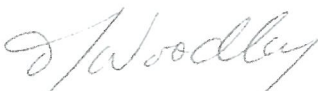
### Executive summary

- i. On 23 July 2013 the Ministry advertised an open Request for Proposals (RFP) through the Government Electronic Tenders Service (GETS) for regional and national services to prevent and minimise gambling harm. This report advises you of the outcome of that process.
- ii. The purpose of the RFP was to implement *The Preventing and Minimising Gambling Harm Three-year service plan and levy rates for 2013/14 to 2015/16* which was the result of agreed improvements identified through consultation with a broad range of stakeholders.
- iii. A total of 32 proposals were received and evaluated for services across 13 regions. The Ministry intends to enter into negotiations with 17 providers.
- iv. The outcome of the RFP process gives effect to a more targeted funding for preventing and minimising gambling harm and achieves a significant increase in front-line full-time equivalent (FTE) capacity within a fixed budget.
- v. The tender results will have significant impacts on a number of providers, some positive, some negative.
- vi. The Ministry commissioned a probity report from Pricewaterhouse Coopers (PWC) to independently review and verify the RFP and evaluation process. The report concluded that the RFP process was fair and appropriate.
- vii. The Ministry will notify all respondents to the RFP of the outcome commencing from 20 March 2014. Currently funded providers will be notified of the outcome in person.

### The Ministry recommends that you:

- a) **note** the Ministry intends to negotiate new agreements with 17 providers for the delivery of national and regional preventing and minimising gambling harm services from 1 July 2014.
- b) **note** the implications associated with the Ministry's decision.
- c) **note** that the Ministry has prepared a communications plan for notification of successful and unsuccessful respondents to the request for proposals.
- d) **forward** a copy of this Health Report to the Minister of Internal Affairs.

Yes / ~~No~~

  
Deborah Woodley  
Acting Deputy Director-General  
Sector Capability and Implementation

  
Minister's signature

Date 19.03.14.

**Ministry of Health contacts**

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**Minister's feedback on quality of report**

Very poor (1)	Poor (2)	Neutral (3)	Good (4)	Very good (5)
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## Background

1. The *Preventing and Minimising Gambling Harm Three-year service plan and levy rates for 2013/14 to 2015/16* (the Service Plan) was developed following a revised needs assessment for the delivery of psychosocial and public health problem gambling services. Both the needs assessment and the proposed Service Plan underwent extensive consultation in line with Section 318 of the Gambling Act 2003.
2. In May 2013 Cabinet approved the Service Plan [SOC Min (13) 6/3; CAB Min (13) 12/4] including the Ministry's advice to develop and implement an open contestable tender process for the delivery of regional and national services to prevent and minimise gambling harm (pages 14 and 18 of the Service Plan).
3. The Ministry's intention is to procure services with a range of providers that will:
  - ensure the provision of service coverage nationwide
  - support the appropriate delivery of a comprehensive range of public health services based on the Ottawa Charter and recognised New Zealand models of Health ie, Te Whare Tapa Whā, Te Pae Mahutonga, Te Wheke
  - target priority populations
  - strengthen communities
  - reduce health inequalities
  - improve Māori health gain
  - apply an intersectoral approach that addresses the broader social determinants of health
  - ensure links between public health and intervention/addiction services.

## Tender process

4. On 23 July 2013, a RFP was posted on the GETS website seeking proposals for the delivery of minimising gambling harm services at regional and national levels.
5. The RFP closed on 11 September 2013. The Ministry received 32 different proposals representing 86 potential service mix combinations.
6. An evaluation panel was formed consisting of three internal Ministry staff and three external non-Ministry members from: Department of Internal Affairs, Health Promotion Agency, and a Pacific health consultant. The panel was facilitated by a non-scoring Chair.
7. The panel assessed and ranked the proposals against the criteria advertised in the RFP.
8. In addition to the evaluation panel's recommendation the Ministry sought legal and procurement advice.
9. Health Legal has confirmed that, from a legal perspective, the tender process has been managed well.
10. The Ministry commissioned a probity report from PWC to independently review and verify the RFP and evaluation process. This advice confirmed that the Ministry's processes followed accepted good practice.

**Outcome of the Tender Process**

- 11. The outcome of the RFP process gives effect to a more targeted funding for preventing and minimising gambling harm and achieves a significant increase in front-line full-time equivalent (FTE) capacity within a fixed budget. It also delivers improved alignment of services to the identified population need by region.
- 12. An additional consequential outcome is improved integration and alignment of services across the mental health and addiction sectors.
- 13. The Ministry intends to enter into negotiations with the 17 providers identified in Table One below from Thursday, 20 March 2014. This provider service-mix ensures appropriate coverage of services throughout New Zealand.

Table One: Successful providers and services

Organisation	Region	Service type

**Implication for services**

- 14. The key change for the preventing and minimising gambling harm sector will be a consolidation of service providers with enhanced opportunity for integration of services across the mental health and addiction sectors. Integration is a key theme outlined in *Rising to the Challenge: the Mental Health and Addiction Service Development Plan 2012-2017*.
- 15. The overall number of minimising gambling harm providers will reduce from 22 to 17 organisations. However, the total workforce capacity will increase (ie from 59.7 to 72 FTE for clinical face-to-face counselling services and from 38 to 49 FTE for public health activity).
- 16. The financial implications and FTE capacity changes for currently funded providers are shown in the Appendix.

17. The organisation most affected will be the Problem Gambling Foundation of NZ (PGF) with a substantial reduction in service coverage and funding. From 1 July 2014 the Ministry's funding for PGF will reduce from \$4.7M to \$ per annum. In addition, their contracted capacity will reduce from 45.5 FTE to FTE.
18. Conversely The Salvation Army of NZ, the other nationwide provider, will receive a significant increase in funding. Ministry funding will increase from \$1.7M to \$ per annum. Their capacity will increase from 18 FTE to FTE. This will result in an expanded service and facilitate the retention of current service coverage.
19. Another affected provider is Odyssey House Trust (Odyssey). This provider primarily provides residential alcohol and other drug treatment services. Currently the mental health and addictions sector is working to ensure co-existing morbidities are addressed when clients present. The Ministry's expectation is that any clients with co-existing gambling treatment needs will be addressed through the alcohol and other drug service contract. Therefore it is not intended to offer Odyssey a specific gambling contract. The Ministry's funding for Odyssey of \$250K per annum will cease with effect from 1 July 2014.
20. The Ministry expects to notify all respondents to the RFP of the outcome from 20 March 2014. Currently funded providers will be notified of the outcome in person.

### Risk Management

21. The Ministry has identified a number of risks that may occur following the announcement of the procurement decision. These include:
  - affected providers may challenge the Ministry's decision and selection process
  - a judicial review or similar legal action may be taken
  - providers may engage with media
  - difficulties in transitioning existing service clients to new providers
  - new provider contracts may not be in place by 1 July 2014.
22. To address the above risks the Ministry is developing:
  - a communications and risk management plan (including FAQs and a provider engagement and negotiation plan) which will be available by 20 March 2014
  - instructions for services to ensure client transition is managed.
23. Health Legal advice confirms that there are no impediments to the procurement process which was managed well.

### Next Steps

24. The Ministry will notify all respondents to the RFP of the outcome commencing from 20 March 2014.
25. The Ministry will offer to enter into negotiations with successful providers and arrange for contracts to be in place in time for the commencement of services from 1 July 2014.

Appendix: Financial implications and capacity changes for currently funded providers

Provider	Current FTE		\$ Cost per annum of current contract	New Contract 1 July 2014 to 30 June 2015 (12 months)	New FTE		\$ Cost per annum for new contract	▲ Price increase ▼ Price decrease
	Clinical	Public Health			Clinical	Public Health		
Nga Manga Puriri	2.0	1.0	348,600					
Raukura Hauora (Māori)	3.0	0	390,000					
Raukura Hauora (Pacific)	2.0	2.0	302,000					
Waitemata DHB (Tupu)	3.5	0.5	350,000					
Te Kahui Hauora Trust	2.5	1.0	350,000					
Te Aratika Trust	1.0	1.0	195,000					
Te Rangihaeata Oranga	4.5	2.0	650,000					
Tui Ora	0	1.0	47,000					
Bestcare (Whakapai Hauora)	0.5	1.0	146,000					
Toa Rangatira	2.0	1.0	295,000					
Taeoamanino Trust	0.5	1.0	145,000					
Te Roopu Tautoko ki te Tonga	0.0	1.25	118,000					
The Salvation Army of NZ	14.0	4.0	1,796,000					
Problem Gambling Foundation of NZ	24.2	21.3	4,714,600					
Woodlands Charitable Centre Trust	4.0	0.0	400,000					
Nga Tai o Te Awa	0.0	2.0	190,000					
Hapai Te Hauora Tapui	0.0	2.0	199,000					
Nga Kete Pounamu Charitable Trust	1.0	1.0	195,000					
Odyssey House Trust	2.5	0	250,000					
Te Kahui Hauora o Ngati Koata	0.3	0.7	100,800					
Pacific Island Evaluation Inc	0.0	1.0	94,700					
Mental Health Solutions	1.0	0.6	160,000					
<b>Total</b>			<b>11,436,700</b>					

END.