

	Supplier 31: Supplier 31	Supplier 32: Supplier 32
4.0 Other Questions		
4.1 Attaching Documents		
You can attach virtually any type of document to a question. For example, a confidentiality agreement that you require respondents to download, update and sign, and then re-attach to the e-Tender response. You can try it with the attached document.	Score: <input type="text" value="5"/>	Score: <input type="text" value="3"/>
4.2		
There are 4 document options applicable to each question or statement.	Supplier to attach Score: <input type="text" value="6"/>	Supplier to attach Score: <input type="text" value="[Select Score]"/>
4.3		
4.4 Other Question Types		
Single fields can be used to accommodate short answers, address details etc. For example: Where is your head office?	Sydney, Australia Score: <input type="text" value="[Select Score]"/>	Score: <input type="text" value="[Select Score]"/> Suppliers can use this field to enter longer answers.
4.5		
A note field allows for longer answers but is intentionally capped at 2000 characters or approximately half of a page of typed A4.	Trade Interchange is a specialist provider of e-Negotiations, eRFx and reverse auction services to procurement professionals. We offer a practical, fully guided approach and provide the systems and experience needed for safe and successful negotiations. With no IT requirements and our fixed fee service, Trade Interchange offers an easy and low risk way to prove the value of e-Negotiations for your organisation. Score: <input type="text" value="[Select Score]"/>	Score: <input type="text" value="[Select Score]"/>
4.7		
This is an example of a table question. It is used to gather information from respondents where a matrix is required.		
Number of Staff	Australia - 47 New Zealand - 15 Singapore - 3	Australia - 4 New Zealand - 0 Singapore - 0
Number of Offices	Australia - 4 New Zealand - 2 Singapore - 1	Australia - 1 New Zealand - 0 Singapore - 0

Scoring

You will see a dropdown scoring box for each response that you are required to score. Select your chosen score from the dropdown box. The system will automatically save your chosen score.

If a question does not have a scoring box it means either the question is not scored or it is set to be auto-scored or you have not been selected to score questions in a particular section.

You can break off from scoring at any point and as often as you like by pressing the 'Back' button at the bottom of the page. When you return you will see all of your previously entered scores and can continue on from where you left off.

Your scoring progress for each supplier is displayed on the Status page in the form 'X/Y' where 'X' is the number of questions you have scored for that supplier and 'Y' is the total number of questions to be scored per supplier.

Supplier Scores

From the 'Status' page you can see the total weighted score of each supplier by selecting the 'Show Scoring' button at the top of the screen. This will insert a column showing the weighted scores and a column showing your scoring progress. You can temporarily sort suppliers by their score by clicking on the 'Score' column heading.

You can also see a more detailed report by pressing the 'Compare All' button (after selecting the suppliers you wish to view) at the bottom of the Status page. This will produce a table of suppliers and questions. By scrolling down to the bottom of the table you will see a breakdown of scores by supplier by section.

Questionnaire Weightings

#	Questions	Weighting	Supplier 31: Supplier 31	Supplier 32: Supplier 32	Sup
1.0	Terms of Entry	0%	0.00 (0.00 pts)	0.00 (0.00 pts)	
2.0	Read Me First	0%	0.00 (0.00 pts)	0.00 (0.00 pts)	
3.0	e-Tender Set-Up	40%	6.75 (3.50 pts)	0.00 (0.00 pts)	
4.0	Other Questions	10%	2.50 (1.00 pts)	0.68 (3.00 pts)	
5.0	Evaluation	0%	0.00 (0.00 pts)	0.00 (0.00 pts)	
6.0	Requirements	0%	0.00 (0.00 pts)	0.00 (0.00 pts)	
7.0	More Examples	0%	0.00 (0.00 pts)	0.00 (0.00 pts)	
Total			11.25	0.68	

Item Weightings

#	Questions	Weighting	Supplier 31: Supplier 31	Supplier 32: Supplier 32	Sup
1.0	Item Sections	50%	24.69 (60.00 pts)	4.10 (10.00 pts)	
Total			24.69	4.10	

How Scores are calculated

The scores given by all scorers for each question are averaged and totalled on a section by section, supplier by supplier basis.

Each section of an e-RFx is given a percentage weighting. The total weighting of all sections adds up to 100%. Some sections may be set to 0%. Each supplier's weighted section scores are calculated and totalled by the system automatically.

Appendix 4: Scoring Methodology for Optical Goods and Services

Evaluators evaluate each Respondent in each of the sections the Respondent responds to. Evaluators award a score from 0 – 4, for each question under combined sections B and C.

Section	Weighting
Section A – Respondents Details	For information
<ul style="list-style-type: none"> Respondent Details History and Overview RFP Contact Relationship Manager/Point of Contact Insurance details Consortia bids Service Agreement Acceptance 	
Mandatory Response Requirements	Pass/Fail
<ul style="list-style-type: none"> Current practising certificate with the New Zealand Optometrist and Dispensing Opticians Board (ODOB); Supply a contemporary range of value for money, low cost Optical Goods; Provide an eye examination (Clinical Eye examination is detailed in full in Appendix 7); Supply a general fitting and on-going adjustment service; Warranty period – minimum two (2) year warranty for defective materials and fittings; and Provide a Complaints Process. <p>Plus</p> <ul style="list-style-type: none"> Financial Viability Consortia bid financial viability 	
Section B – Qualitative and Optical Goods	50%
<ul style="list-style-type: none"> Cultural and Language Capability Reporting Security and Confidentiality Supplier Management Value Added Services (e.g. mobile service,) Certificates Recognition, Awards and Policies 	

<ul style="list-style-type: none"> • Relationship Management • Continuous Improvement (business and clinical improvements) • Warranty • Stock-holding Capability- Spectacle Frames • Order Fulfilment and Clinical Eye Test Requirements • Transition and Implementation Plan • Spectacle Frames and Lenses • Clinical Governance • Clinical Audit 	
Section D – Commercial	50%
<ul style="list-style-type: none"> • General • Imported Goods • Price Variation Formulae • Price Variation Options • Alternative Price Variation Basis • Sole Supplier Pricing • Eye Test Pricing Model 	

Appendix 5: Evaluation Process

1. Process

The evaluation of responses will adopt the following process:

- a. Confirmation by the Chair that conflicts of interest forms have been received from evaluation panel members and reviewed and those evaluators with conflicts are aware of which stages of the process they are excluded from.
- b. Acknowledge of login details for the eTender tool received by all evaluators.
- c. Evaluation of Section A, Respondent Details and Mandatory Response Requirements. Notification to those Respondents who did not pass Section A.
- d. A briefing meeting will be held with the evaluation panel to ensure consistency of marking and to distribute the responses and marking guidelines.
- e. The evaluation weightings are listed in Appendix 4.

2. Section A

- a. This section is evaluated once separately by each member of the evaluation panel.

3. Section B: Evaluation of Qualitative and Optical Goods

- a. The Evaluation Panel members will conduct individual evaluations and allocate scores using the eTender tool. Each proposal will be assessed against the individual questions and allocated a score that reflects how well the response meets the requirements in each area of Optical Goods and Services; and
- b. Comments will be recorded regarding areas of strengths and weakness, to support the score given. Due to eTender tool functionality, these will need to be captured off-line.

4. Moderation of Evaluation Panel scores

The Evaluation Panel will moderate outlying scores for Sections B and C respectively, and agree a consensus score for each response. The moderation will be undertaken to ensure consistency.

Appendix 6: Price Evaluations

Pricing will be evaluated by a comparison of costs and margins for those Respondents who are remaining after the initial quality selection stage.

The Pricing methodology for Optical Goods and Services is described below in the excerpt from the Second Schedule in the Draft Contract for Commercial Deliverables for the provision of Optical Goods and Services:

1. General:

- a) Except for duty and currency exchange variations, all prices shall be FIRM unless the Respondent has provided for adjustment for rise and fall in costs, in which case the "Price Variation Clause" shall form part of this agreement.
- b) Respondents shall indicate in Section 1 of the "Price Variation Section" below whether the prices tendered, except for variations in rate and duty and foreign exchange, are firm or subject to variation.
- c) No price increase, including exchange rate fluctuations or duty increases, shall be allowed after the agreed time of delivery.
- d) No price increases shall be allowed for any factor not declared a rise and fall factor in the "Price Variation Section".
- e) Where prices tendered are based on a published price list, variations may be allowed to the extent of any variations in that price list subject to:
 - i. any percentages discount originally tendered off that price list shall be minimum discount still applicable;
 - ii. a copy of the published price list on which the prices tendered are based must be submitted with the tender;
 - iii. the price list must be identifiable as a bona fide published price list;
 - iv. where MSD considers that it is necessary to obtain documentary evidence to support variations in the published price list, this right is reserved to MSD.
- f) No price increase as a result of enterprise bargaining agreements shall be allowed.
- g) For any variations, the Respondent must make written application to MSD. Applications for adjustment for rise and fall must be substantiated with satisfactory documentary evidence. MSD reserves the right, at its absolute discretion, to either grant or refuse such applications in whole or part.

- h) Reductions affecting contract rates shall be notified to MSD, immediately when they occur.
- i) Failure to advise MSD of reductions affecting Contract rates may result in cancellation of the Optical Goods and Services Agreement.
- j) Reductions in Contract rates shall apply immediately from the actual date of reduction.
- k) Applications for price increases effective prior to the date of such applications shall not be considered.
- l) Any price increase granted in relation to the Optical Goods and Services Agreement shall be applicable from a date not less than one (1) calendar month from the date of receipt of satisfactory evidence.

2. Imported Goods:

- a) Where the Optical Goods tendered are yet to be imported, for the purpose of obtaining Tenders on the same basis and for the purpose of calculating any variations due to exchange rate fluctuations the price/s tendered shall be calculated on the spot selling exchange rate applicable on the issue date started in the Response to the Request for Proposal document.
- b) Where the Agreement is for any Goods which are of overseas manufacturer or include an overseas manufactured component, the Respondent shall, if and when requested, produce for shifting by MSD, stamped Customs Entry as evidence of duty paid and satisfactory documentation as evidence of foreign currency involved. Reductions in amount of foreign currency shall be to MSD's account. Increases in amount of foreign currency must have approval of MSD, before shipment from overseas.
- c) Rate and duty and foreign exchange variations, either up or down, shall be to MSD's account and shall be calculated as follows (unless some other method of adjustment has been included in the RFP and has been accepted by MSD)
 - i. any variation in duty shall be the variation between the rate of duty stated in the RFP and rate of duty paid as evidence by stamped Customs Entry;
 - ii. any variation in currency exchange shall be the variation between the spot selling exchange rate stated in the Tender and the spot selling exchange rate applicable at the date of arrival at the port of discharge, calculated on overseas costs only and as substantiated by documentary evidence;
 - iii. the spot selling exchange rate shall be as quoted by Westpac Banking Corporation (MSD Banking Services Provider)

3. Price Variation Formulae:

Where firm prices have not been tendered, a price variation formula must be submitted. The formula must be acceptable to MSD.

- i. Where firm prices are tendered for a limited period, a price variation formula must be submitted to cover the period that follows the expiry of the firm prices.
- ii. Where firm prices are tendered for the initial period, a price variation formula must be submitted to cover any additional periods the result from MSD exercising its options to extend the initial period.

Prices tendered should be based on one of the following price variation formulae:

a) Option 1 – Items Imported by the Respondent

- $\text{Tender Price} = (\text{Overseas Manufacturer Price} + \text{Freight \& Insurance}) / \text{Exchange Rate} + \text{Duty (if applicable)} + \text{Local Cost} + \text{Profit Margin (Overheads should be incorporated into the Profit Margin)}$
- For pricing based on Option 1 the following factors need to be considered:

I. Manufacturer's Variations

RFP Response – state the rate of exchange and the date upon which the prices tendered are based.

Applying for price variations – provide a letter from the manufacturer stating the variation/s that has/have occurred since the date of the previous price list.

II. Exchange Rate Variations

RFP Response – state the rate of exchange and the date upon which the prices tendered are based.

Applying for price variations – provide a copy of Customs Entry where rate of exchange is stated.

b) Option 2 - Items Purchased by the Respondent from an Importer or New Zealand Manufacturer

- Tender Price = Suppliers Price List Price (Less discount if applicable) + Profit margin (Overheads should be incorporated into the Profit Margin)

c) Option 3 – Items Manufactured in New Zealand by the Respondent

- Tender Price = Cost of Materials + Labour + Profit Margin (Overheads should be incorporated into the Profit Margin)
- Value of Materials and Labour may be expressed as percentage of the Tender Price; profit margin and overheads may be apportioned within these two percentages.
- For variations based on Option 3 the following factors need to be considered:

I. Labour

RFP Response – state the Labour Index Rate

Applying for price variations – provide documentary evidence reflecting variations to the Labour Index Rate.

II. Materials

Applying for price variations – provide documentary evidence reflecting variations in cost of materials at time of tendering and at time of applying for price variation.

d) Option 4 – Items based on Respondents National Published Price List

- Tender Price = Tenderer's Published Price List less discount

e) Option 5 - Items based on Movements in the New Zealand Statistics Indexes

- Tender Price = Base price. New price = base price multiplied by new New Zealand Statistics Indexes figure divided by NZBS index figure for Quarter on which Tender price is based.

f) Option 6 - Alternative Price Variation Basis

- If a Tenderer intends that price variations are to be on any basis other than the above options, full details must be submitted with the RFP Response.

4. Price Benchmarking

For the duration of this Agreement, The Provider will ensure MSD received competitive pricing for pricing by:

- a) Conducting an annual and/or ad-hoc assessment and review of the pricing of products against the following:
 - i. Similar Deliverables provided by the Provider.
 - ii. Similar Deliverables provided by the Provider to the Provider's Clients.
 - iii. Similar freight charges provided to the Provider's other Clients.
- b) Publishing the results to MSD of a benchmark that compares MSD pricing with the results of the assessment above as required.
- c) Negotiating with their suppliers and or manufacturers to improve prices if any benchmarking anomalies are found.

5. Pricing for Substituted Products

In the event that a Deliverable in the MSD-Accepted Range is substituted by and agreed alternative (not end-of-life), the Provider will invoice MSD at the lower of the catalogued Deliverables' price and the substituted Deliverable's price.

Appendix 7 - Optical Goods and Services – Clinical Assessment (Eye Examination)

Eye Examination		
Process	What is involved	What it does
Relevant History	Presenting ocular/visual signs and symptoms	Establishes reason for examination
Compulsory	Understanding visual tasks, activities, occupational needs Ocular history/family ocular history Past and current medical history Allergies and drugs Family medical history	Understand requirements and expectations of patient Determines risk factors for certain eye health conditions and overall health conditions that may affect the eyes
External Eye	An examination of the external area around the eye, including lids and lashes	Ensures that there are no abnormalities
Compulsory	Requires the use of a slit-lamp biomicroscope	
Internal Eye	Examination of the internal structures of the eye from front to back using slit-lamp funduscopy and ophthalmoscope along with gonioscopy and/or binocular indirect on indication	Checks eyes for abnormalities Detection and diagnosis of any signs of eye disease
Compulsory	Examination of pupils, media, optic disc, macula, retina and blood vessels	
Visual Acuity		Measures ability to see detail of a given size at a given distance compared with "normal"
Compulsory	Age appropriate measurement of visual acuity with acuity chart typically Snellen or logMAR	Reduced visual acuity is frequently a sign of ocular pathology, explanation for reduced visual acuity must be adequately investigated, e.g. amblyopia is a diagnosis by exclusion Part of the driving vision standard

Refraction	Phoropter or trial frame uses a series of Spectacle Lenses and settings to assess	Determines levels of hyperopia (long-sightedness), myopia
Dilated Fundus Examination	Tropicamide and/or define any corrective prescription	Assists differential diagnosis by and presbyopia
Colour Perception		Checks for hereditary colour vision deficiencies
On indication	Ishahara 24 plate edition or equivalent red/green pseudisochromatic plates D15 or Oscar or Lantern on indication	Colour vision tests can also alert an optometrist to possible eye health problems that may affect colour vision including macular degeneration Part of some occupational standards
Binocular Vision		Determines how well eyes and visual system function in terms of movement, reflexes, binocular coordination, tracking and focus
Compulsory	Assessment of ocular motility, convergence, cover test, pupillary reflexes and amplitudes of accommodation Fusional reserves or other tests of binocular and accommodative visual function, as indicated	Determines if there are any underlying problems with binocular vision that may need remediation, or by symptomatic of other physiological or neurological conditions
Visual Fields		Detects and measures visual field loss
On indication threshold visual field	Threshold automated perimetry to assess the area of useful vision and identify any areas of vision reduction or loss	Visual field loss is the condition of having lost degrees (blind spots/ scotomas) of peripheral vision as a result of one or more eye health conditions
Compulsory screening visual field	Confrontations/quadrants or or automated screening perimetry are acceptable for screening	Part of the driving vision standard
Tonometry/Intraocular Pressure		High eye pressure is one risk factor for glaucoma
On Indication up to the age of 39 compulsory over 40 years of age	Applanation tonometry or clinically accepted correlated alternative	A full glaucoma assessment includes evaluation of family/medical history, anterior segment including gonioscopy, optic nerve, retinal nerve fibre layer, threshold visual field, as well as intraocular pressure

On indication	phenylephedrine or cyclopentolate eye drops are instilled	improving the quality of view inside the eyes and enables an examination of the peripheral retina Especially important for people with small pupils, symptoms of floaters, cataract, optic nerve and macula assessment or paediatric examination
Cycloplegic Examination		
On indication		
Imaging		
On indication	Technology including photography that takes images of either the anterior segment or of the retina	Provides objective documentation of eye structures, reduces inter- and intra- observer variability, assists monitoring of change, assists in diagnosis Digital photography, if used, needs to provide an image quality that is gradable
Patient Management		
Compulsory	Management plan for each patient is determined and implemented An explanation for abnormal signs or symptoms is determined Patient review period is determined	Patient presenting problems are appropriately resolved, asymptomatic problems are appropriately managed Patient is fully informed of diagnosis and, treatment plan and review period This might include spectacle prescription, treatment, monitoring or referral
Spectacle Prescription	Clinical findings are interpreted, a differential diagnosis is made with particular regard to ocular pathology, a spectacle prescription is derived	Clear, comfortable vision for the particular visual task with spectacles prescribed
Ophthalmic Dispensing	Appropriate lens and frame is selected, the manufactured appliance is verified and dispensed	Ensures the prescription spectacles are fitted to the patient to optimise comfort and performance
Referral	Refers the patient to other professionals in a timely and appropriate manner	In the event of referral to public hospital or private specialist for medical treatment or further assessment then sufficient clinical information is obtained and documented for triage
Aftercare	As required	

Prescribing and Dispensing - Technical and Functional Requirements

Prescribing and Dispensing		
Item	Detail	Qualifying Criteria
Prescription	Margin of change required to dispense new Spectacle Lenses	+/- 0.50 DS or - 0.50 DC or 2 Snellen lines improvement in visual acuity or 0.2 logMAR or to treat symptoms
Ready to wear Spectacles	Price controlled – up to \$10/20 value Stocked by Optometrist or patient advised of strength to make purchase elsewhere	Default for general reading purposes
Spectacle Lenses – Type	Single Vision – quality ophthalmic Spectacle Lenses.	Default
	Bifocal – high quality ophthalmic Spectacle Lenses.	Function requirement only – specify
Spectacle Lenses – Material	Plastic	Default
	Higher Index	Functional requirement only (safety/weight) - specify
Coatings	Scratch resistant - mandatory	Front and back surface hard-coated
Spectacle Frames	<p>New Spectacle Frames from restricted range (e.g. non-branded and or house/value brand) only if patient's current Spectacle Frames cannot be reglazed.</p> <p>Spectacle Frames must be full rim Spectacle Frames – robust and suitable for most prescriptions.</p> <p>Non-branded Spectacle Frames must be</p> <ul style="list-style-type: none"> • Fit a range of head sizes • Suit a range of face shapes • Are of a size and shape to hold single or bifocal Spectacle Lenses 	<p>New Spectacle Lenses fitted to old Spectacle Frames where possible. New Spectacle Frames can be prescribed under the following conditions:</p> <ol style="list-style-type: none"> 1. When MSD Client does not currently have spectacles. 2. Spectacle Frames shape/size not suitable for new Spectacle Lenses 3. Spectacle Frames damaged/poor condition



MINISTRY OF
SOCIAL DEVELOPMENT
Te Manatū Whakahiato Ora

memo

To: Social Assistance Procurement Steering Group
From: Social Assistance Procurement Working Group
Date: 29 January 2014

Subject: RFP, Optical Goods and Services – Inclusion of Progressive lenses as part of Service Specifications.

Action: For Approval

Purpose

This memo provides an update to the RFP for Optical Goods and Services, and seeks a decision in relation to lenses options.

Background

The RFP for Optical Goods and Services was released on 2 September 2013 and closed after a Best and Final Offer (BAFO) pricing request on 26 November 2013.

In total 22 responses to the RFP were received. The responses were reviewed and evaluated according to Qualitative and Commercial criteria set out in the RFP.

Of the 22 responses received, 11 were long-listed for discussions and price negotiations. Negotiations were held 18 -20 December 2013

Service Specifications as set out in the RFP asked that respondents be able to supply "*single vision and bifocal spectacle lenses in plastic and high index materials*".

Progressive verses Bifocals lenses:

During the Supplier briefing held on 6 Sept 2013 a discussion regarding the merits and pricing of Progressive/Bifocal lenses transpired, the key points of which were:

- Progressive lenses were not included as part of the RFP Service Specifications as the advice received from the New Zealand Association of Optometrists (NZAO) was that:
 - a) Progressive lenses were difficult to fit, did not suit all clients' vision needs (some clients do not adjust to them at all) and multiple fittings may be required due to the complexity of the lenses.
 - b) Bifocal & Single Vision frame/lenses, described in the Service Specifications of the RFP, will meet the immediate needs of MSD clients and will meet the objectives of the RFP (Bifocal were perceived to be a lower cost option than progressive lenses).

- c) Bifocal lenses are perceived, by some Optometrists, to be old technology and Progressive lenses were now the way of the future.

Respondents have indicated that Progressives are now prescribed more often than Bi-Focals; (b)(2)(b)(ii)'s RFP Response – “Multi-focal lenses (progressive lens) are approximately 30% of the market with 60% single vision and 10% bifocal lenses”

All of the long-listed respondents complied with the RFP specifications by providing pricing for Single vision and Bifocal lenses.

In their response (b)(2)(b)(ii) provided pricing for Bifocal lenses and Progressive lenses at the same price point, highlighting Progressive lenses as being a more cost effective alternative to Bifocals than was initially thought.

(b)(2)(b)(ii)'s rationale for progressives included: health advantages for the elderly, occupational benefits over bifocals related to increasing use of computing where intermediate distance vision is a prerequisite.

Initial supplier negotiation meetings have been conducted with the 11 long-listed respondents, with good results achieved with regards to pricing for Single Vision & Bifocal lenses, Frames and Eye Examination bundles.

Following the meetings with the 11 long-listed respondents, 8 respondents agreed to meet or met the maximum price points MSD set for the RFP for Optical Goods and Services.

The 8 respondents that have been shortlisted as potential panel providers for Optical goods and Services were then requested to provide pricing for Progressive lenses, frames and eye examinations bundles as an alternative to the Bifocals bundle.

Pricing after Initial Negotiations, 18-12-2013			
		Averages	Maximum Price
Packages	Single Vision + Frames + Eye Exam	\$ 143.88	\$ 169.00
	Bifocals + Frames + Eye Exam	\$ 188.13	\$ 245.00
	Progressives + Frames + Eye Exam	\$ 221.57	\$ 249.00
Items	Eye Exam	\$ 42.38	\$ 65.00

The average price for a bundled package for Progressive lenses, frame and eye test, is \$221.57 (incl GST). Compared to the Bifocals bundled package, at \$188.13 (incl. GST) was comparable from a cost perspective (\$33.44 difference) and highlighted that progressives were in fact a viable and cost effective alternative to a Bifocal package.

Opinions from respondents on whether to include Progressive lenses in the service specifications are summarised below.

9(2)(b)(ii) – *The technology has evolved significantly in the past 5-10 years along with the reduced cost in providing different lens types. Multi-focal lenses (progressive lens) are approximately 30% of the market with 60% single vision and 10% bifocal lenses. The importance of multi-focal lenses (progressive) and the clinical benefits are: better vision over a wider range of distances, particularly intermediate vision (computer screens). As most people spend either a significant part of their normal working day looking at computer screens working or at home (e-mail, internet browsing), this intermediate vision is crucial to modern living for most.*

9(2)(b)(ii) – *I suggest that you ask the respondents to specify the type of progressive lens they intend to use as there is definitely a difference between lens types and designs*

9(2)(b)(ii) – *Bifocal lenses are reliable well proven technology that has been utilised for many years, Progressive lenses can prove to be slightly different as the lens corridor plays a role within the prescription (new/high generation lenses have broader corridors which are better for the patient but are more expensive) and the requirement for very accurate pupil heights and distances is more important. There are many models and varieties of Progressive lens 9(2)(b)(ii) has reviewed the available models and has settled on one well established design. The rationale for using this established design is that there is a potential for MSD clients to fail to adapt to other designs. The client's eyes may not adapt to the focal-point of these designs.*

9(2)(b)(ii) – *Progressive lenses were problematic, varying types of progressive lenses available, with varying price points, from a technical perspective, variability in the design of progressives (no industry standards), possible problems/issues for end user include distortion of vision and/or an inability of users eye to adjust to Progressive lenses.*

Risks:

Risks identified for the subsequent **inclusion** of Progressives lenses in the service specifications are minimal.

- All long-listed potential respondents were given the opportunity to provide Progressive bundles pricing, concurrently with other pricing requested for Single and Bifocal packages.
- Potential providers who did not make the long-list were not given the opportunity to participate in the Progressive bundle pricing, as they did not pass the qualitative criteria set by MSD, so therefore have been deemed unsuccessful and will take no further part in the RFP process.
- The major clinical risk is the variety of lens types and designs available at varying costs, which is somewhat outweighed by the vision enhancements progressive lenses can provide to the intermediate vision.

Risks identified for the **exclusion** of Progressives lenses are:

- Clients could potentially spend more than required, needing two pairs of spectacles to do what a pair of progressive can effectively provide.

- If Progressives are currently used by MSD clients they will be required to down grade to an older technology.
- Progressives bundled package costs are marginally higher than Bifocals package, however this pricing for progressive lenses is still a significant reduction compared to the current average costs that MSD clients are currently granted for optical assistance.

Recommendation

Approve the inclusion of Progressive lenses, in the Service Specifications

Approve/Decline/Amend

RELEASED UNDER THE
OFFICIAL INFORMATION ACT



MINISTRY OF
SOCIAL DEVELOPMENT
Te Manatū Whakahiato Ora

Contract Award Report

Optical Goods and Services

Category	Social Assistance Procurement - Optical
Authors	9(2)(a) 9(2)(a)

Distribution List

Name	Role	Group	Comments
Social Assistance Procurement Working Group	Project Team	Stakeholders	
Social Assistance Procurement Steering Group	Governance & Decision Making	Stakeholders	

Document Approval

Approved by	Role	Signature	Date
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Executive Summary

The purpose of this report is to recommend the award of panel contracts for the provision of Optical Goods and Services to the Ministry of Social Development (MSD) Clients resulting from a Request for Proposal issued on GETS by MSD on 6th September 2013.

This document contains information that is Commercial in Confidence and is not in the public domain. The contents of this document must not be disclosed or discussed with any third party. Any further information or points of clarification should be sought from the Procurement Solutions Team.

Recommendations

It is recommended that you:

1. **Approve** that Goods and Services Agreements (contracts) are awarded to the six (6) Providers listed in Appendix 1.
2. **Approve** that the contract term be for a maximum period of five years comprising an initial term of three years with two further extension periods of one year each (i.e. 3+1+1).
3. **Note** that as a result of this recommendation there are sixteen (16) Respondents who were not successful (including one (1) consortium bids, and one major retail supplier).
4. **Note** that as a result of this process there is a forecasted reduction in crown spend of \$21.4M over the maximum five year term of the contract.

The Procurement Solutions Team will provide a detailed written debrief, and offer the opportunity for a personal debrief to unsuccessful Respondents, if requested.

The recommended panel of Providers offers significant opportunity to improve the value for money delivered to MSD's Clients through a sizable reduction in the cost of Optical Goods and Services, while providing high-quality products with a minimum 2 year warranty period. As a consequence, Clients requiring recoverable Hardship Assistance, will incur less debt for the purchase or replacement of Optical Goods and Services. The discount obtained through the preferred supplier contracts, as well as the availability of quality Optical goods and services will reduce the cost of purchases or services to meet Client's immediate needs, and will lead to an overall reduction in Clients' debt balances over time. The standard terms of service will foster better engagement processes between MSD and Providers.

The panel of preferred suppliers offers the following to support the requirements of MSD's Clients:

- **capability** in the provision of Optical Goods and Services;
- **sufficient capacity**;
- **geographic coverage to supply 97% of locations nationwide**
- **reduced engagement costs** for MSD through standardising the engagement process; and
- **improved transparency** and reporting.

1. Purpose

The purpose of this document is to present the outcome of the procurement process for the supply of Optical Goods and Services and to make a recommendation to the Chief Executive, MSD for approval to award contracts.

This report has been compiled based on the results of commercial negotiations carried out by the Procurement Solutions Team with shortlisted Respondents to the Request for Proposal (RFP) for Optical Goods and Services, issued on 6 September 2013.

2. Related Documents

This document should be read in conjunction with the following key documents:

Document	Relationship
Category Review	The Category Review documents the strategic analysis of the Optical Goods and Services category, following the Structured Approach to the Strategic Procurement process.
Request for Proposal	This document requests proposals from the market for the supply of Optical Goods and Services. The RFP was issued to the market in electronic form and included the draft Goods and Services Agreement.
Procurement and Evaluation Plan	This document outlines the procurement process and evaluation criteria used for the approach to market for the supply of Optical Goods and Services. The process outlined in the Procurement and Evaluation Plan has been followed.

3. Background

The Social Security Act 1964 ('the Act') has been amended by the Social Security (Benefit Categories and Work Focus) Amendment Act 2013. The Amendments made to the Act enable the Minister to specify by written direction the goods and services that the Chief Executive may enter into agreements with preferred suppliers for. If the Chief Executive does enter an agreement with a preferred supplier then the Act requires Clients to use a Preferred Supplier(s); if that supplier supplies Optical Goods and Services in the area in which the Client resides. The Act also allows MSD to pay Preferred Supplier(s) directly, which will strengthen MSD's ability to negotiate and purchase higher quality Optical Goods and Services more cost-effectively. Doing this will, reduce Client debt.

MSD has identified the Optical Goods and Services category as being suitable for preferred supplier(s) arrangements, based on existing work done by MSD and the results of a review by PMMS (a global procurement consultancy firm). The Minister has directed that the Chief Executive may enter into contracts with Preferred Supplier(s) for the provision of Optical Goods and Services, defined according to the following:

- Spectacle Frame and Spectacle Single Vision Lenses
- Spectacle Frame and Bi-Focal Lenses
- Spectacle Frame and Progressive Lenses

- Eye Examination
- Spectacle Frame Repairs
- Lenses Replacement

The Social Assistance Procurement Business Steering Group and the Social Assistance Procurement Working Group have been established to provide a strategic approach to the procurement of Optical Goods and Services, which will:

- bring significant benefits for MSD's Clients, in particular, a sizable reduction in the cost of Optical Goods and Services, high-quality products and longer warranty periods;
- improve value for money through a rationalisation of the provider base;
- reduce both Provider and MSD costs of engagement through agreed terms, centralised contract management and more effective and efficient Optical Goods and Services delivery;
- enhance MSD and Provider access to a range of activity, cost and performance information relating to Optical Goods and Services (previously unavailable);
- develop recognition of MSD's Clients as "one client", providing MSD's Clients access to value-added services from Providers;

These objectives are complementary to the Reform Programme's objective of achieving cost reductions, better value for money, and reducing the cost of engagement with Government.

4. Procurement Process Overview

An open competitive tender process was undertaken to establish a preferred suppliers for the supply of Optical Goods and Services. The RFP was issued to the market on the Government Electronic Tenders Site on 6 September 2013 and via the Trade Interchange eTender tool, which facilitated electronic submissions in Response. Respondents had seven weeks to respond.

The National focus for supply of Optical Goods and Services under the RFP was to Northland, Auckland, Waikato, Bay of Plenty, Taranaki, King Country & Wanganui, Central, Wellington, East Coast, Nelson, Marlborough & West Coast, Canterbury and Southern; aligned with the 11 Work and Income Regions.

The approach to market and evaluation of Responses followed the procurement process outlined in the approved Procurement and Evaluation Plan. The complete evaluation criteria and associated weightings can be found in the Procurement and Evaluation Plan.

Complete responses were received from 22 Respondents. All 22 Respondents were invited to enter pricing negotiations. Pricing negotiations were conducted via a Best and Final Offer (BAFO) process request additional to the pricings to those provided in the initial response to the RFP. The BAFO process resulted in an additional average reduction of 4.1% on the original pricing submitted across all categories.

Following the BAFO and the completion of the qualitative and financial evaluations, a long list of eleven (11) providers was established. These were providers who were assessed at meeting the minimum quality standards. Further negotiations on pricing and the ability to provide coverage additional to their standard retail outlets took place, at the conclusion of which the long list was reduced to a shortlist of eight (8) based on the ability of the providers to meet a maximum price that for each item in the Optical Goods and Services category.

Further due diligence checks were conducted and the shortlist was reduced six (6) providers that this report recommends entering into contract with.