

- Issue a Ministerial Direction to provide the authority for MSD to tender for preferred suppliers
- Request for Proposal to Market – August
- Evaluate response and award contracts – September/October
- Implementation (including finalising updates to welfare programmes where necessary) – from November

33 While the cost of implementation cannot be quantified, it is likely to be low, and will be funded from within baselines. If Royal Assent is delayed then this timeframe will change.

Medical Alarms

34 As discussed with you on 11 March 2013 MSD intend to undertake a Request for Information procurement process to determine if more cost effective products exist.

35 In parallel to this there will be a communications plan to manage current accredited suppliers and stakeholder expectations – e.g. Grey Power and Age Concern.

36 MSD proposes the following timeframe and process:

RFI	<ul style="list-style-type: none"> • Advertised on the Government Electronic Tenders Service (GETS) website early April 2013, closing end of April 2013. • In tandem with the RFI release, a vendor presentation stepping through the RFI request will be made to existing accredited suppliers, technology companies, monitoring services and other interested parties
	<ul style="list-style-type: none"> • Assessment of responses completed by mid-June 2013.
	<ul style="list-style-type: none"> • Correspondence on evaluations, and any sign offs to Minister and governance groups, by the end of June 2013.

Interface with Treasury-led work on Microfinance

37 As part of the Government's response to the Children's Commissioner's Expert Advisory Group on child poverty (EAG), Treasury are leading work looking at the role that microfinance could play in reducing the impacts of problem debt on low-income individuals and families.

38 While this work is at an early stage, there are potential opportunities to work in partnership with microfinance providers to both use combined leverage to obtain beneficial deals, and to consider whether the effect of microfinance schemes could be maximised by extending them to MSD preferred provider arrangements. As part of the Treasury-led work on microfinance, MSD will explore how best to link microfinance providers to preferred supplier arrangements.

Next steps

39 If you agree to the recommendations in this report, following Royal Assent to the Social Security Bill, MSD will:

- Draft an amendment to the Ministerial Direction on Advances and the Welfare Programmes on Recoverable Assistance and Special Needs Grants – this will allow MSD to tender for preferred suppliers for whiteware and optical products

Recommended actions

It is recommended that you:

- 1 **note** that the Social Security (Benefit Categories and Work Focus) Amendment Bill will enable the Ministry of Social Development to contract preferred suppliers to deliver cost-effective and quality goods and services to clients

Optical products and whiteware

- 2 **note** that the Ministry of Social Development has identified whiteware and optical products funded through hardship assistance as initial areas to introduce preferred supplier arrangements
- 3 **note** that, following Royal Assent, the Ministry of Social Development will draft a Ministerial Direction for your signature, that will enable the Ministry to tender for preferred supplier arrangements in the agreed areas
- 4 **note** that it is expected that these initiatives will reduce client debt to the Crown over five years and streamline administrative processes
- 5 **note** that some second hand whiteware suppliers businesses may be affected as a consequence of the changes to whiteware and some clients may consider they are disadvantaged due to the restricted range of products and suppliers available
- 6 **agree** that MSD commence an expression of interest process for the provision of optical goods and services, once the Social Security (Benefit Categories and Work Focus) Amendment Bill receives Royal Assent

agree / disagree

- 7 **agree** that MSD commence a tendering process, once the Social Security (Benefit Categories and Work Focus) Amendment Bill receives Royal Assent, to contract preferred suppliers for whiteware

agree / disagree


- 8 **note** that it is expected that preferred supplier arrangements for whiteware will be implemented from September 2013, and preferred supplier arrangements for optical products from November 2013

Medical alarms

- 9 **note** that the Ministry will release a Request for Information to determine whether more cost-effective alternatives to medical alarms are available.

Treasury-led work on microfinance

- 10 **note** that as part of the Treasury-led work on microfinance, MSD will also explore how best to link microfinance providers to preferred supplier arrangements.



PP Marc Warner
Deputy Chief Executive
People Capability and Resources

22.3.2013
Date

Hon Paula Bennett
Minister for Social Development

Date



MINISTRY OF
SOCIAL DEVELOPMENT
Te Manatū Whakahiato Ora

Preferred supplier arrangements for whiteware and optical products funded through hardship assistance

Date: 28 March 2013

Report no: REP/13/03/221

Security level: IN CONFIDENCE

Priority: Medium

Action Sought

Hon Paula Bennett
Minister for Social Development

Approve

8 April 2013

Contact for telephone discussion

Name	Position	Telephone	1st Contact
Merv Dacre	Associate Deputy Chief Executive, People Capability and Resources	9(2)(a)	<input checked="" type="checkbox"/>
Lynley Spears	Programme Manager		

Report prepared by: 9(2)(a) Senior Analyst

Other departments consulted: N/A

Minister's office comments

- ☐ Noted
- ☐ Seen
- ☒ Approved
- ☐ Needs change
- ☐ Withdrawn
- ☐ Not seen by Minister
- ☐ Overtaken by events
- ☐ Referred to (specify)

Comments

As emailed with comments
to 9(2)(a), Lynley, Merv.

Date received from MSD

28 MAR 2013

Date returned to MSD

report



MINISTRY OF
SOCIAL DEVELOPMENT
Te Manatū Whakahiato Ora

Date: 22 March 2013

Security Level: IN CONFIDENCE

To: Hon Paula Bennett, Minister for Social Development

Preferred supplier arrangements for whiteware and optical products funded through hardship assistance

Purpose of the report

- 1 The Social Security (Benefit Categories and Work Focus) Amendment Bill (the Social Security Bill) is expected to receive the Royal Assent in May 2013.
- 2 This report seeks agreement to commence a procurement process to contract preferred suppliers to provide whiteware to clients, and request information from the market for the provision of optical services to clients, following Royal Assent.

Executive summary

- 3 The Social Security Bill will enable MSD to contract preferred suppliers to deliver cost-effective and quality goods and services to clients. MSD has identified whiteware and optical products funded through hardship assistance as optimal initial areas to introduce preferred supplier arrangements. MSD would contract with preferred suppliers to provide clients with:
 - a set range of new whiteware products to clients
 - a set range of optical frames, as well as eye tests, fittings and lenses.
- 4 MSD can commence the tendering process once the Social Security Bill receives the Royal Assent. It is expected that preferred supplier arrangements for whiteware could be implemented from September 2013, and preferred supplier arrangements for optical products from November 2013. A longer period is required to implement preferred supplier arrangements for optical products and services as this is a more complex area of expenditure than whiteware. MSD needs to seek Expressions of Interest to determine whether preferred supplier arrangements for optical products and services are feasible and coverage is available on a national basis.
- 5 It is expected that these initiatives will reduce client debt to the Crown in out years and streamline administrative processes. However, some suppliers of second-hand whiteware may be affected by reduced business income as a consequence of the changes. In addition, some clients may consider they are disadvantaged as their choice of product and supplier will be restricted if they apply to purchase whiteware or optical products through hardship assistance.
- 6 MSD also considers that, when the current accreditation regime for medical alarms expires in March 2014, it may be beneficial to introduce preferred supplier arrangements

for medical alarms funded through DA. However, MSD considers there is value in first undertaking a Request For Information in order to determine whether more cost-effective alternatives to medical alarms are available.

- 7 As part of the Treasury-led work on microfinance, MSD will also explore how best to link microfinance providers to preferred supplier arrangements.

Background

- 8 The Social Security Bill will enable MSD to contract preferred suppliers to deliver goods and services to clients. Where a preferred supplier arrangement is in place, the Bill requires clients to use a preferred supplier and allows MSD to redirect payment to the preferred supplier. This will strengthen MSD's ability to negotiate and purchase cost-effective and higher quality goods and services, reducing client debt and generating savings for clients.
- 9 MSD has identified a number of goods and services which may be suitable for preferred supplier arrangements, based on work by MSD and the results of a review by PMMS (a global procurement consultancy firm). Areas that have been considered to date include medical alarms; gardening services; whiteware; optical products; furniture – including beds, chairs and tables; power and food.

Introduction of preferred supplier arrangements – overarching strategy

- 10 Many public sector agencies contract commercial suppliers to provide goods and services to the public or to particular groups. MSD has not previously contracted for the preferred supply of goods and services to clients for specified areas of social assistance. Although there is great potential for new procurement arrangements to benefit clients and reduce Crown expenditure, this represents a significant change in approach.
- 11 There are some challenges associated with the introduction of preferred supplier arrangements; in particular, ensuring client needs are met and that products are cost effective. As such, it is important that the initial implementation of preferred supplier arrangements is in areas of social assistance which have clearly identifiable benefits for clients, and risks that MSD is able to manage. Once these initial arrangements have been implemented and evaluated, we will be better placed to consider implementing preferred supplier arrangements in those areas of social assistance where the benefits are currently less clear, the impact on clients is more significant and risks are more complex.
- 12 Whiteware and optical products, funded through hardship assistance, and medical alarms funded through Disability Allowance (DA), are suitable initial areas. Clients who seek assistance to purchase whiteware or optical products must generally repay the amount they borrow from MSD. Under preferred supplier arrangements MSD will be able to procure higher quality products for clients at a lower cost and guaranteed warranty period. The benefit of these arrangements will accrue directly to the client. In addition, the granting process will be streamlined as clients will not be required to obtain multiple quotes and total Crown debt reduced. Introducing a preferred supplier arrangement for medical alarms funded through DA is likely to reduce costs to the Crown (although further work is required to determine the nature and extent of savings) without disadvantaging DA recipients.
- 13 Once MSD has had an opportunity to implement and evaluate the introduction of preferred supplier arrangements in these areas, MSD will be in a better position to assess whether preferred supplier arrangements would be beneficial in other areas. The Social Security Bill also introduces a power to restrict the extent to which certain costs are funded through DA, or place conditions on the funding of costs. There is a need to consider potential

changes to funding arrangements through this power before preferred supplier arrangements are considered for Disability Allowance costs.

Out of scope



Out of scope

Optical products

Proposal

- 26 Around 9(2)(b)(ii) per year is currently lent to clients to purchase optical products through hardship assistance.
- 27 It is proposed that MSD introduce a preferred supplier arrangement for optical products, where a set range of options will be available to clients who need to purchase eye examinations, glasses (single, bifocal and graduated lenses) and contact lenses. It is anticipated that MSD will be able to negotiate an all-inclusive price for the first eye test, reduced cost lenses, a set range of frames within a capped price range, a fitting service for new lenses purchased and fitted to existing frames, and low cost reading glasses (similar to the price of products available in pharmacies and The Warehouse). Clients with specialist eye problems would be managed on a case-by-case basis, if necessary, in terms of their eyewear needs.
- 28 The Social Security Bill allows MSD to introduce preferred supplier arrangements in specific geographical regions. MSD will aim to secure national coverage. However, given the nature of the optical market (where the three largest suppliers locate their outlets to cover only the main and provincial centres) and the need to limit the distance clients travel to suppliers, MSD may need to contract a mix of national and local providers to achieve full coverage. In addition, it may not be possible to contract preferred suppliers in certain geographical areas – in those areas it would be necessary to retain the current approach.

Benefits and challenges

- 29 MSD estimates that this will result in a 9(2)(b)(ii) reduction in hardship assistance for optical products over five years. While there may be an initial increase in processing time (as clients and staff adjust to the change) the approval and payment process will be simplified and it is estimated that there will be 5,000 less transactions to process and 2,460 hours will be saved in processing time over five years. This is because clients will no longer need to provide a number of quotes and there will be fewer steps required to approve a grant for both an eye test and eyewear.
- 30 As a result of this change, clients would not be able to purchase cheaper products offered by a non-preferred supplier or use MSD assistance to purchase products from their current optician (if not a preferred supplier). In particular, superannuitants may be reluctant to change from a supplier they have been using for a long period of time. This may result in negative reaction from clients and possibly member groups e.g. Grey Power. However, clients will have access to cost effective items that meet their needs through the preferred suppliers. MSD would also review the contract periodically and repeat the tender process where analysis suggests that cheaper and higher quality alternatives were being consistently offered by non-preferred suppliers.
- 31 MSD will also put a process in place to deal with the unlikely situation where a client has an immediate and essential need for eyewear which does not appear to be covered under the preferred supplier arrangement.

Timeframe and process

32 The timeframe and process differ from those for whiteware, as an Expression of Interest is required to determine whether preferred supplier arrangements for optical products are feasible, including whether national coverage is achievable. The following key steps will be required:

- Discussion with stakeholders (including Grey Power/Age Concern) to alert them of the upcoming Expression of Interest process
- Expression of Interest to market – Mid May
- Issue a Ministerial Direction to provide the authority for MSD to tender for preferred suppliers
- Request for Proposal to Market – August
- Evaluate response and award contracts – September/October
- Implementation (including finalising updates to welfare programmes where necessary) – from November

33 While the cost of implementation cannot be quantified, it is likely to be low, and will be funded from within baselines. If Royal Assent is delayed then this timeframe will change.

Medical Alarms

34 As discussed with you on 11 March 2013 MSD intend to undertake a Request for Information procurement process to determine if more cost effective products exist.

35 In parallel to this there will be a communications plan to manage current accredited suppliers and stakeholder expectations – e.g. Grey Power and Age Concern.

36 MSD proposes the following timeframe and process:

RFI	<ul style="list-style-type: none">• Advertised on the Government Electronic Tenders Service (GETS) website early April 2013, closing end of April 2013.• In tandem with the RFI release, a vendor presentation stepping through the RFI request will be made to existing accredited suppliers, technology companies, monitoring services and other interested parties
	<ul style="list-style-type: none">• Assessment of responses completed by mid-June 2013.
	<ul style="list-style-type: none">• Correspondence on evaluations, and any sign offs to Minister and governance groups, by the end of June 2013.

Interface with Treasury-led work on Microfinance

37 As part of the Government's response to the Children's Commissioner's Expert Advisory Group on child poverty (EAG), Treasury are leading work looking at the role that microfinance could play in reducing the impacts of problem debt on low-income individuals and families.

38 While this work is at an early stage, there are potential opportunities to work in partnership with microfinance providers to both use combined leverage to obtain beneficial deals, and to consider whether the effect of microfinance schemes could be maximised by extending them to MSD preferred provider arrangements. As part of the Treasury-led work on microfinance, MSD will explore how best to link microfinance providers to preferred supplier arrangements.

Next steps

39 If you agree to the recommendations in this report, following Royal Assent to the Social Security Bill, MSD will:

- Draft an amendment to the Ministerial Direction on Advances and the Welfare Programmes on Recoverable Assistance and Special Needs Grants – this will allow MSD to tender for preferred suppliers for whiteware and optical products

Recommended actions

It is recommended that you:

- 1 **note** that the Social Security (Benefit Categories and Work Focus) Amendment Bill will enable the Ministry of Social Development to contract preferred suppliers to deliver cost-effective and quality goods and services to clients

Optical products and whiteware

- 2 **note** that the Ministry of Social Development has identified whiteware and optical products funded through hardship assistance as initial areas to introduce preferred supplier arrangements
- 3 **note** that, following Royal Assent, the Ministry of Social Development will draft a Ministerial Direction for your signature, that will enable the Ministry to tender for preferred supplier arrangements in the agreed areas
- 4 **note** that it is expected that these initiatives will reduce client debt to the Crown over five years and streamline administrative processes
- 5 **note** that some second hand whiteware suppliers businesses may be affected as a consequence of the changes to whiteware and some clients may consider they are disadvantaged due to the restricted range of products and suppliers available
- 6 **agree** that MSD commence an expression of interest process for the provision of optical goods and services, once the Social Security (Benefit Categories and Work Focus) Amendment Bill receives Royal Assent

 **agree / disagree**

- 7 **agree** that MSD commence a tendering process, once the Social Security (Benefit Categories and Work Focus) Amendment Bill receives Royal Assent, to contract preferred suppliers for whiteware

 **agree / disagree**

- 8 **note** that it is expected that preferred supplier arrangements for whiteware will be implemented from September 2013, and preferred supplier arrangements for optical products from November 2013

Medical alarms

- 9 **note** that the Ministry will release a Request for Information to determine whether more cost-effective alternatives to medical alarms are available.

Treasury-led work on microfinance

- 10 **note** that as part of the Treasury-led work on microfinance, MSD will also explore how best to link microfinance providers to preferred supplier arrangements.

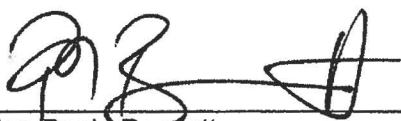


PP

Marc Warner
Deputy Chief Executive
People Capability and Resources

28/3/2013

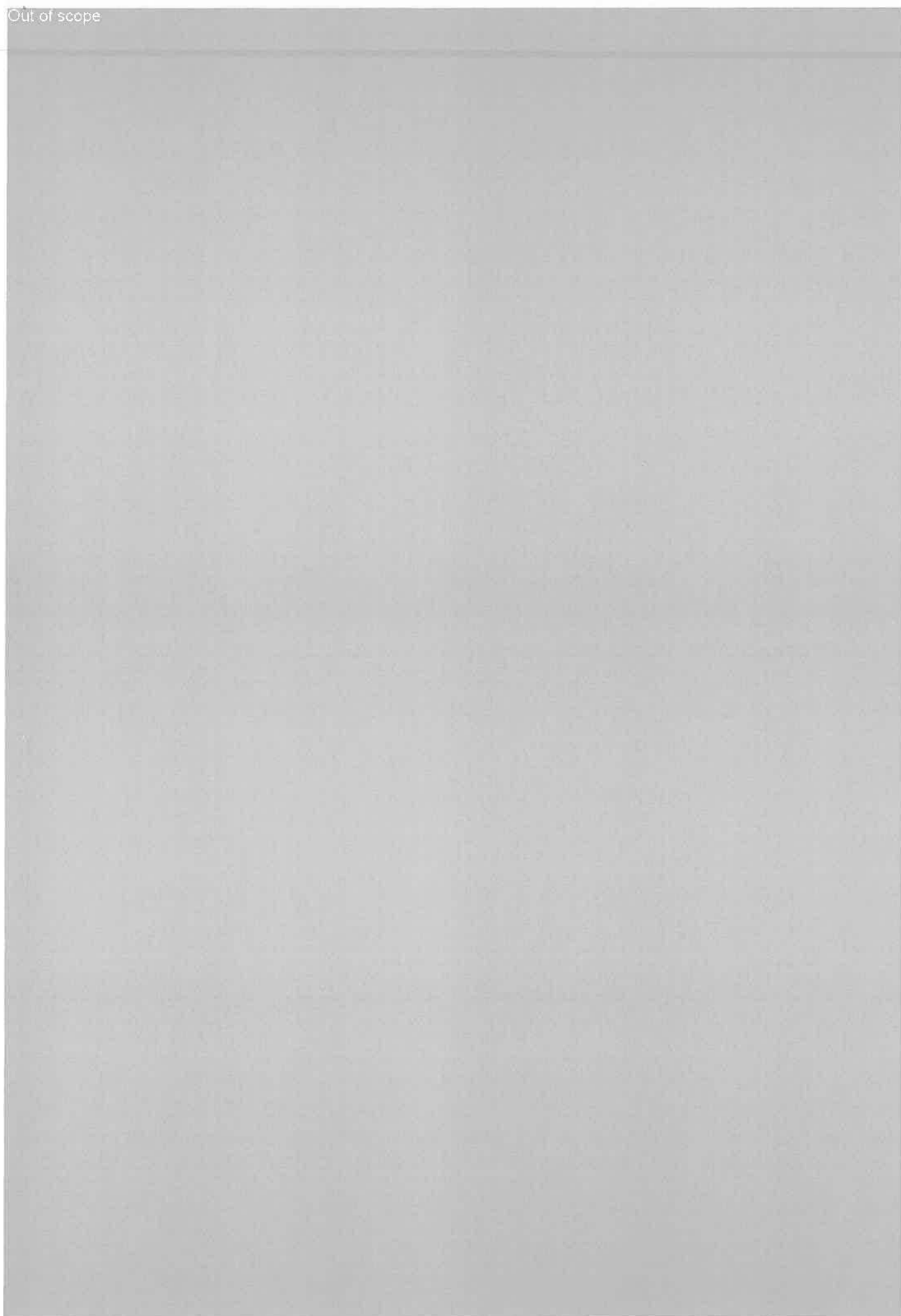
Date



Hon Paula Bennett
Minister for Social Development

2/4/13

Date





MINISTRY OF
SOCIAL DEVELOPMENT
Te Manatū Whakahiato Ora

Ministerial Direction - preferred suppliers for optical products

Date: 15 August 2013

Report no.: REP/13/8/686

Security level: IN CONFIDENCE

Priority: Medium

Action Sought

Hon Paula Bennett
Minister for Social Development

Sign the attached instrument and arrange for a copy of the instrument be tabled in the House of Representatives

16 August 2013

Contact for telephone discussion

Name	Position	Telephone	1st Contact
Anna Butler	General Manager, Income Support and Disability Issues	9(2)(a) [redacted]	<input checked="" type="checkbox"/>
Bede Hogan	Team Manager, Income Support and Disability Issues	9(2)(a) [redacted]	

Report prepared by: 9(2)(a) [redacted], Policy Analyst

Minister's office comments

- ☐ Noted
- ☐ Seen
- ☒ Approved
- ☐ Needs change
- ☐ Withdrawn
- ☐ Not seen by Minister
- ☐ Overtaken by events
- ☐ Referred to (specify)

Comments

Date received from MSD

15 AUG 2013

Date returned to MSD

20 AUG 2013

report



MINISTRY OF
SOCIAL DEVELOPMENT
Te Manatū Whakahiato Ora

Date: 15 August 2013

Security Level: IN CONFIDENCE

To: Hon Paula Bennett, Minister for Social Development

Ministerial Direction – preferred suppliers for optical products

Purpose of the report

- 1 This report recommends that you sign the attached instrument amending the Ministerial Direction in relation to the preferred supply of goods and services (the Ministerial Direction), which enables the Ministry of Social Development (MSD) to contract with preferred suppliers for the supply of optical products (this includes both goods and services).

Background

- 2 Section 125AA of the Social Security Act 1964 (the Act) enables MSD to contract with preferred suppliers to supply specified goods and services for purchase by clients. Whiteware and optical products were identified as the initial areas in which MSD would introduce preferred supplier arrangements.
- 3 In May 2013, you signed a Ministerial Direction which allowed MSD to commence the tendering process to contract for preferred suppliers for whiteware items. This tendering process recently finished and MSD is now evaluating these proposals.
- 4 The proposal to introduce preferred suppliers for optical products required more time to develop, in order to be confident that preferred supplier arrangements in this area would be feasible across New Zealand. Following consultation with the optical sector, it is likely that coverage will be reasonably comprehensive, except for in a small number of rural areas. MSD is now ready to tender for preferred suppliers for optical products. If there are any geographical areas that are not covered by a preferred supplier, clients will be able to continue using their existing supplier.

Optical Products

- 5 From April 2012 to April 2013, approximately 9(2)(b)(ii) of recoverable hardship assistance was provided to clients to purchase optical products through 17,000 transactions. Under preferred supplier arrangements, eligible clients will be able to purchase a range of optical products at a low cost. MSD estimates this will result in a 9(2)(b)(ii) reduction in hardship assistance provided for optical products over five years.
- 6 The introduction of preferred supplier arrangements for optical products may pose issues for some clients. In particular, clients would not be able to use MSD hardship assistance to purchase cheaper products offered by a non-preferred supplier or from their current

optician (if not a preferred supplier). Some clients also may be reluctant to change from a supplier they have been using for a long period of time. Finally, superannuitants will be unable to take advantage of SuperGold card savings, although through preferred supplier arrangements it is envisaged that optical products will be available to them at a low cost.

Ministerial Direction

- 7 On 2 April 2013 you noted that MSD would need to draft a Ministerial Direction under section 125AA(1) of the Act for your signature, to enable MSD to contract with preferred suppliers for specified optical products [REP/13/03/221 refers]. In late June, your Office confirmed that the Request for Proposal process for optical goods and services could begin.
- 8 Attached, for your signature, is an instrument amending the Ministerial Direction which will enable MSD to enter into preferred supplier contracts for the supply of the following goods:
 - spectacle frames
 - spectacle lenses
 - contact lenses
 - ready to wear spectacles
 - spectacle protection cases
 - spectacle care products.
- 9 Under the amended Ministerial Direction, MSD may contract for the following optical services:
 - eye examinations
 - fitting of supplied spectacle frames, spectacle lenses and contact lenses
 - fitting of supplied lenses to existing frames supplied by the purchaser
 - adjustment of supplied spectacle frames and ready to wear spectacles.
- 10 It is not envisaged that MSD would contract separately for the supply of these goods and services.

Next Steps

- 11 Once the instrument is signed, your Office will be able to table the instrument in the House. MSD will then arrange for publication of the instrument in the *New Zealand Gazette*.
- 12 MSD is currently preparing a Request for Proposal for optical products. MSD proposes to issue this on 30 August 2013, to commence the tendering process. Responses will be evaluated from September to November 2013. MSD will update you in November on the results of the tendering process.

Recommended actions

It is recommended that you:

- 1 **sign** the attached instrument enabling the Ministry of Social Development to contract with preferred suppliers for:
 - 1.1 the supply of spectacle frames, spectacle lenses, contact lenses, ready to wear spectacles, spectacle protection cases, and spectacle care products
 - 1.2 services relating to eye examinations, fitting, and adjustment of optical goods

Agree / Disagree
- 2 **arrange** a copy for the instrument to be tabled in the House of Representatives

Agree / Disagree
- 3 **note** that Officials will arrange publication of the attached instrument in the *New Zealand Gazette*
- 4 **note** that the Ministry of Social Development will issue a Request for Proposal on 30 August 2013.



Anna Butler
General Manager
Income Support and Disability Issues

15-8-13

Date



Hon Paula Bennett
Minister for Social Development

19-08-13

Date

File ref: A6977388

Ministerial Direction in relation to the preferred supply of goods and services Amendment 2013

Pursuant to section 125AA of the Social Security Act 1964, the Minister for Social Development makes the following instrument.

Contents

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5	New clause 5 inserted	1
"5	Goods and services that may be subject of preferred supplier contracts under section 125AA(3) (Optical goods and services)	2

Instrument

- 1 Title**
This instrument is the Ministerial Direction in relation to the preferred supply of goods and services Amendment 2013.
- 2 Commencement**
This instrument comes into effect on the day after it is made.
- 3 Principal direction**
This instrument amends the Ministerial Direction in relation to the preferred supply of goods and services given on 23 May 2013 (the **principal direction**).
- 4 Clause 4 amended (Goods and services that may be subject of preferred supplier contracts under section 125AA(3))**
In the heading to clause 4, after "**125AA(3)**", insert "**(Whiteware and related services)**".
- 5 New clause 5 inserted**
After clause 4, insert:

“5 Goods and services that may be subject of preferred supplier contracts under section 125AA(3) (Optical goods and services)

For the purposes of section 125AA(3) of the Act, I determine that the chief executive may enter into contracts on behalf of the Crown for the supply of the following goods and services for the purposes specified in section 125AA(2)(b) and (d) of the Act:

“Goods

- “(a) spectacle frames:
- “(b) spectacle lenses:
- “(c) contact lenses:
- “(d) ready to wear spectacles:
- “(e) spectacle protection cases:
- “(f) spectacle care products:

“Services

- “(g) eye examinations:
- “(h) fitting of any goods listed in paragraph (a) to (c):
- “(i) fitting of any goods listed in paragraph (b) to frames supplied by the purchasers:
- “(j) adjustment of any goods listed in paragraph (a) and (d).”

Dated at Wellington this 19 day of August 2013


Minister for Social Development

Explanatory note

This note is not part of the direction but is intended to indicate its general effect.

This instrument, which takes effect on the day after is made, amends the Ministerial Direction in relation to the preferred supply of goods and services under section 125AA(3) of the Social Security Act 1964 to authorise the chief executive to enter into contracts for the supply of optical goods and services.

Checklist for ministerial directions and welfare programmes under Social Security Act 1964 and amendments to directions or welfare programmes

Title:

Responsibility	Tick yes
Legal Services	
1. Is there, or will there be a current Appropriation for the purposes of the welfare programme (or a Cabinet minute agreeing to Appropriation for the purpose and authorising payment from Imprest Supply in interim)?	✓
2. Is original instrument printed on buff paper, with a copy on plain paper?	✓
3. Is there a certification by the Chief Legal Advisor on the plain paper copy that the instrument is in order for the Minister's signature?	✓
4. Does the report to Minister or coversheet ask the Minister to arrange for copy of instrument to be tabled, and to direct officials to publish a copy in the <i>Gazette</i> ?	✓
Minister's office	
5. Has the Minister signed the original instrument and inserted the date of signing?	✓
6. Has a copy of the signed instrument been tabled in the House as soon as practicable after Minister signed it?	✓
7. Has the original signed instrument been returned to MSD and the certified copy been retained by the Minister's office for their records?	✓
Policy	
8. Has a copy of the signed instrument been published in the next issue of the <i>Gazette</i> (Contact the Gazette Clerk, Department of Internal Affairs)?	
9. Has a copy of the Gazette extract been filed in the <i>Gazette</i> Policy File PA/LE/5/1?	
10. Has a copy of the signed instrument been placed on the appropriate Policy File and a copy of the signed instrument been passed to Alex McKenzie for filing on the Welfare Programmes and Ministerial Directions register?	
11. Has the original of the signed instrument been returned to Legal Services to be filed in Legal Services safe?	
Legal Services	
12. Has a copy of the signed instrument been passed to Operational Policy for the purpose of updating MAP instructions and Publishing (Sue Nicholson) for the purpose of updating MAP legislation document?	
13. Has a copy of the signed instrument been filed in the EDRMS file relating to instrument?	
14. Has that date also been inserted into the electronic document and title of the document, and the title of the document been changed from Draft to Final?	
15. Has Legal Services signed off the new or amended MAP instructions?	
16. Has a copy of the signed instrument been filed in the Eastlight file of welfare programmes or directions and the indexes updated?	
17. Has the original of the signed instrument been filed in the appropriate envelope in the Legal Services Safe and the index updated?	



MINISTRY OF
SOCIAL DEVELOPMENT
Te Manatū Whakahiato Ora

Update on whiteware and optical procurement initiatives

Date: 2 December 2013

Report no: REP/13/11/1036

Security level: IN CONFIDENCE

Priority: Medium

Action Sought

Hon Paula Bennett
Minister for Social Development

Noting

5 December 2013

Contact for telephone discussion

Name	Position	Telephone	1st Contact
Jamie Burgess	Chief Procurement Officer	9(2)(a)	<input checked="" type="checkbox"/>

Report prepared by: 9(2)(a) Policy Analyst

Minister's office comments

- ☒ Noted
- ☒ Seen
- ☐ Approved
- ☐ Needs change
- ☐ Withdrawn
- ☐ Not seen by Minister
- ☐ Overtaken by events
- ☐ Referred to (specify)

Comments

Date received from MSD

03 DEC 2013

Date returned to MSD

10 DEC 2013



MINISTRY OF
SOCIAL DEVELOPMENT
Te Manatū Whakahiato Ora

Update on whiteware and optical procurement initiatives

Date: 2 December 2013

Report no: REP/13/11/1036

Security level: IN CONFIDENCE

Priority: Medium

Action Sought

Hon Paula Bennett
Minister for Social Development

Noting

5 December 2013

Contact for telephone discussion

Name	Position	Telephone	1st Contact
Jamie Burgess	Chief Procurement Officer,	9(2)(a)	<input checked="" type="checkbox"/>
Lynley Speers	Programme Manager,		

Report prepared by: 9(2)(a), Policy Analyst

Minister's office comments

- ☐ Noted
- ☐ Seen
- ☐ Approved
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Comments

Date received from MSD

Date returned to MSD

report



MINISTRY OF
SOCIAL DEVELOPMENT
Te Manatū Whakahiato Ora

Date: 2 December 2013

Security Level: IN CONFIDENCE

To: Hon Paula Bennett, Minister for Social Development

Update on Whiteware and Optical Procurement Initiatives


Purpose of the report

- 1 The purpose of this report is to update you on the implementation of the whiteware and optical goods and services procurement initiatives. We advised we would update you on progress for both initiatives in our last report dated 30 August 2013.

Recommended actions

It is recommended that you:

- 1 **note** that the Chief Executive entered into a Goods and Services Agreement with Fisher & Paykel for the provision of new and guaranteed whiteware goods on 11 September 2013
- 2 **note** that the whiteware hardship assistance procurement model has been implemented throughout the South Island and will be implemented throughout the North Island from 3 February 2014
- 3 **note** that a Request for Proposal (RFP) for optical goods and services closed on 25 October 2013 and responses will be evaluated by an evaluation panel by 20 December 2013
- 4 **note** that contracts with preferred suppliers for optical goods and services will be in place by early 2014 and changes to the Recoverable Assistance and Special Needs Grant welfare programmes will need to be changed to reflect the preferred supplier arrangements
- 5 **note** that we will provide you with the results of the optical evaluation process in February 2014.


Jamie Burgess
Chief Procurement Officer

2.12.13.
Date

Hon Paula Bennett
Minister for Social Development

Date

Background

- 2 As part of phase two of the welfare reforms, the Social Security Act 1964 was amended to enable the chief executive to enter into preferred supplier contracts for goods and services purchased for clients (section 125A).
- 3 The objectives of the procurement initiatives are to:
 - reduce client debt to the Crown
 - reduce cost, and therefore debt to the client
 - reduce complexity and simplify processes for frontline staff
 - improve control over price
 - offer a durable and fit for purpose product.
- 4 The Goods and Services Agreement for the provision of new and guaranteed whiteware goods and services was awarded to Fisher & Paykel Appliances Ltd on 11 September 2013.
- 5 A Request for Proposal (RFP) for optical goods and services was released on GETS and closed on 25 October 2013. Evaluation of the proposals will be completed by an interim panel by 20 December 2013.

Out of scope



Remainder of New Zealand roll out

- 8 The preferred supplier model for whiteware will be implemented throughout the North Island from 3 February 2014. Training will commence in mid-January and be completed by the end of February.

Client feedback

- 9 Of those clients who have accessed whiteware hardship assistance, feedback has been positive. Some of the comments include:
- the "process was easy and it is a 'great idea' not getting quotes"
 - "solved the problem if you have to travel to another town because they don't have a retail store"
 - "relieved as the appliance has a two year warranty"
 - "it only took 24 hours and it was delivered, installed and the packaging taken away"
 - "glad of the scheme as it saved having a hire purchase and paying more fees."

Update on the procurement process for optical goods and services

- 10 The Ministerial Direction in Relation to the Preferred Supply of Goods and Services Amendment 2013 enables the Chief Executive to enter into contracts on behalf of the Crown for the supply of optical goods and services.
- 11 A Request for Proposal (RFP) for optical goods and services was released on GETS and closed on 25 October 2013.
- 12 An interim panel will complete an evaluation of the responses by 20 December 2013. Following the evaluation, respondents will be advised of the outcome and MSD will contract with the successful respondents.
- 13 It is expected that contracts with preferred suppliers for optical goods and services will be in place by early 2014. Changes to the Recoverable Assistance and Special Needs Grant welfare programmes will be needed to reflect the preferred supplier arrangements.
- 14 Implementation decisions have not yet been made. The implementation of a preferred supplier model for optical goods and services will either take a staggered approach or be implemented nationally with a single date for implementation.

Next steps

- 15 We will update you on our progress in implementing the preferred supplier for optical goods and services procurement model in February 2014.



MINISTRY OF SOCIAL
DEVELOPMENT

Te Kaitiaki Take Kōwhiri Kaitiaki

Implementation of a preferred supplier arrangement for optical goods and services

Date: 7 May 2014

Report no.: REP/14/5/355

Security level: IN CONFIDENCE

Priority: High

Action Sought

Hon Paula Bennett
Minister for Social Development

Approve

9 May 2014

Contact for telephone discussion

Name	Position	Telephone	1st Contact
Renee Graham	General Manager, Income Support, Employment and Skills	9(2)(a)	<input checked="" type="checkbox"/>
Alison Cossar	Team Manager, Income Support Policy	9(2)(a)	

Report prepared by: 9(2)(a) Policy Analyst

Minister's office comments

- ☐ Noted
- ☐ Seen
- ☒ Approved
- ☐ Needs change
- ☐ Withdrawn
- ☐ Not seen by Minister
- ☐ Overtaken by events
- ☐ Referred to (specify)

Comments

Date received from MSD

8 May 2014

Date returned to MSD

13 May 2014

report



MINISTRY OF SOCIAL
DEVELOPMENT
TE MANATU WHAKAHIAO ORA

Date: 7 May 2014

Security Level: IN CONFIDENCE

To: Hon Paula Bennett, Minister for Social Development

Implementation of a preferred supplier arrangement for optical goods and services

Purpose of the report

- 1 The purpose of this report is to inform you of the next steps in the implementation of a preferred supplier arrangement for optical goods and services. All preferred supplier contracts have been signed.
- 2 Your approval is sought to amend the Recoverable Assistance Programme so that it aligns with the new arrangement.

Signing of contract

- 3 The Ministry of Social Development (MSD) briefed you on 14 March 2014 on the results of the preferred supplier tendering process for optical goods and services funded through hardship assistance and you announced the preferred supplier arrangement on 11 April 2014.
- 4 Contracts have been signed with preferred suppliers to provide optical goods and services to people applying to MSD for this assistance. Under the preferred supplier arrangement, the average amount lent for glasses and other optical services will be around \$250. MSD estimates that the preferred supplier arrangements will reduce Crown spend by approximately 9(2)(b)(ii) over five years.
- 5 There are preferred supplier agreements in all regions and there is 97 per cent coverage across the country. For applicants that reside in areas that are not subject to a preferred supplier arrangement, existing processes will continue to apply. These applicants are also able to travel to areas where preferred supplier arrangements are available at their own cost.

Amendments required to the Recoverable Assistance Programme

- 6 As a result of the Ministerial Direction you signed on 19 August 2013, MSD may contract with preferred suppliers for the supply of optical goods and services. An amendment is now required to the Recoverable Assistance Programme to align it with the preferred supplier arrangements for optical goods and services.
- 7 The Recoverable Assistance Programme governs the approval of requests for hardship assistance from non-beneficiary applicants. The Recoverable Assistance Programme currently sets out a maximum amount to pay towards the cost of spectacles or contact lenses.
- 8 The Recoverable Assistance Programme needs amending to make it clear that the amounts available are those set out in the contracts with preferred suppliers.