

3 October 2016

Eileen Goodwin  
Reporter  
Otago Daily Times

By email: eileen.goodwin@odt.co.nz

REF: OIA-1636

Dear Ms Goodwin

### Response to OIA request

Thank you again for your requests for official information emailed to me on 5 September 2016 and other requests on the topic after that date.

See our responses to each of your questions below. I have also included the responses below to this OIA request that Henry Acland of NZ Health Partnerships emailed you previously. For your convenience, I've italicised the new responses.

- 1. This document [ref: H201602752], from earlier this year, released last week by Dr Jonathan Coleman, shows that Health Partnerships is trying to renegotiate the Compass contract. Why?**

NZ Health Partnerships recently negotiated an additional review with Compass of the annual price adjustment under the Food Services Agreement. Annual price adjustments are based on committed meal volumes.

The additional review will happen on 31 January 2017, which will allow NZ Health Partnerships to continue working with those DHBs that remain open to joining the FSA and it provides a window within which any staff consultations can be conducted. Price reviews will thereafter be conducted each year on 31 May.

- 2. What has happened since – is it still being renegotiated? Has there been an outcome?**

*The outcome of discussions with Compass was an additional price review to occur on 31 January 2017.*

- 3. What does it mean to focus more on 'holistic' benefits?**

Also with agreement from its DHB-shareholders, NZ Health Partnerships is investigating the application of national nutritional standards to all DHBs regardless of whether they are supplied by Compass, Spotless or operate an in-house model. Aligned to this is an investigation of applying and monitoring consistent key performance indicators for food services across all DHBs.

- 4. Is HP trying to renegotiate because of the lack of DHBs in the contract which has adversely affected savings, thus HP is trying to get a better deal for the ones that have signed up?**



*The intention was to get an additional review. NZ Health Partnerships recognises that one size does not fit all for DHBs and we fully accept that our shareholders have a range of valid reasons for not joining the contract, for example a number have integrated contracts with food, laundry and orderlies that don't make sense to break up.*

*As the contract manager we are closely monitoring Compass Group's performance against the KPIs in the contract and are pleased that patient satisfaction rates with their meals is high.*

**5. How many DHBs have signed the 15-year contract with Compass for food services?**

At present six DHBs have signed the FSA, together they represent 42% of the sector by volume.

**6. HP had invited non-participating DHBs to indicate an intention by the end of September. How is that working out? Any early indication of how many more will join/put the contract before their board members?**

*We plan to release the final participation numbers by mid-October. We are still waiting to hear from several DHBs.*

**7. In regards to the "additional" review. What exactly does this mean?**

There will be two reviews in 2017 – an additional review on 31 January and another on 31 May, which is the annual review.

**8. Does it, in effect, mean a delayed first review?**

*No.*

**9. Will there be any annual price adjustment review during 2016?**

*There was on 1 September.*

**10. Initially, was there to have been an annual price adjustment review during 2016?**

*Yes.*

**11. RNZ ran a new savings figure of \$30 to 40 million from the Compass 15 year food contract. Can you confirm that this is the new estimate?**

Yes - that's current estimate for the six participating DHBs and includes the price adjustment from 1 September.

We'll confirm that figure mid-October.

**12. Within that, what is the individual saving estimate for Southern DHB?**

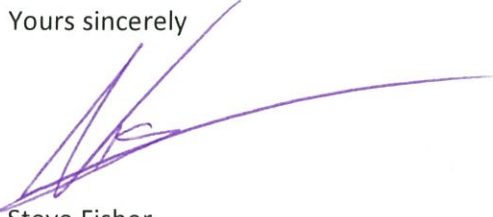
We will likely have an answer to this question by mid-October.

## Your rights



Please note that under section 28(3) of the OIA, you have the right to complain to the Ombudsman and to seek an investigation and review of this decision. Email: [info@ombudsman.parliament.nz](mailto:info@ombudsman.parliament.nz)

Yours sincerely



Steve Fisher

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