

Contracting 101: What NGOs need to know about the contracting process: obligations and expectations

(Or common sense, good faith
and accountability)

- Previously services TO ‘clients’
- Now government emphasis on delivering on policy outcomes for variety of Strategies eg NZ Disability Strategy
- Strive to be ‘allies in emancipation’ shifting from notion of providing services to being of support

What is a contract?

- Agreement to exchange obligations often for money

Contracting

Central part of NZ health system

Pros

- Can clarify costs/ services
- Opportunities for new providers

Cons

- Expensive process
- Complex legally
- Loss of relationships/institutional knowledge
- Some services not provided
- Service users' needs overlooked

WHO (2004) Contracting for health services: lessons from New Zealand

Competitive tendering

NGOs need to know

- Key criteria that decisions made on
- Show expertise in those areas
- Back up with research/data

Keys to successful contracting

- Building good relationships
- Good faith
- Good records and information
- Knowing what to do and doing it
- Dealing with problems early
- Keeping to time frame
- Reviewing and evaluating

Good faith

- Common sense good behaviour
- Honest and transparent including in records
- Acting fairly
- No surprises
- Listening and taking account of others
- Making agreement work

Principles of Good Contract Management (Treasury Guidelines)

- Contribute to Government objectives
- Reflect needs of service users
- Accountability for public money
- Value for public money
- Good quality service
- Good faith
- Govt agencies try to understand NGOs

Government wants good working relationship with the sector

- Relationships with the community organisations should reflect relationship Govt wants with community sector
 - Respect
 - Communication
 - Work constructively
 - Recognise responsibilities to stakeholders

www.treasury.org.nz/publicsector/ngo/default.asp

NGO specific issues

- Public money (never enough)
- Ethical considerations re target populations
- Power imbalance between contract parties
- Capacity, expertise and resources
- Assess and build in all costs eg tax
- Hidden costs eg CPI
- Keep learning and building expertise

Governance/Management

- Healthy contracting requires healthy governance/management of NGO
- Good communication - CEO reports and board members question
- Clear lines of delegation eg for media
- Up to date policies
- Regular self review

Dealing with Problems

- Non performance
- Communicate early
- Aggrieved party warns and sets up process
- Seek help and mediation, document attempts
- Contract can be terminated by aggrieved party
- Most contracts that end are by agreement – good relationship management

Where to go for help



- Each other, for example,
- www.community.net.nz Dept of Internal Affairs
- www.nzfvwo.org.nz NZ Federation of Voluntary Welfare Organisation
- www.angoa.org.nz Association of NGOs of Aotearoa
- www.charities.govt.nz Charities Commission
- Citizens' Advice Bureaux
- Community Law Offices

Health and Disability Sector NGO-MoH Working Group Forum

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