

28 June 2012

Irene King
Chief Executive
Aviation Industry Association (AIA)
PO Box 2096
Wellington 6140
New Zealand

Dear Irene

Procurement of Emergency Air Ambulance services for 2013

1. Further to our correspondence, I am writing to confirm the recent decision by the Ministers for ACC and Health to adopt a relational purchase approach to establish new Service Agreements.
2. The Service Agreements will include inter-hospital transfer within the first 24 hours for accident-related ACC patients and within three hours for health-related patients. They will not include inter-hospital transfer work outside of these times as this is purchased by District Health Boards.
3. The National Ambulance Sector Office (NASO), on behalf of ACC and the Ministry of Health will seek to establish the new Service Agreements with current Emergency Air Ambulance Trusts/providers who also comprise the members of recently formed Air Rescue Group (ARG).
4. We appreciate your involvement in the sector and the role your organisation plays and we look forward to continuing the relationship we have with you as we work with the sector to provide the best Emergency Air Ambulance service possible for New Zealanders.
5. Please find enclosed a factsheet for your information regarding the new Service Agreement decision. The factsheet and further information can be found on the www.NASO.govt.nz website.

Please feel free to contact me on (04) 816 3364 or email me at joy_cooper@moh.govt.nz should you have any further questions.

Yours sincerely,



Joy Cooper
Group Manager
NASO



Factsheet: Emergency Air Ambulance Service Agreements

The Ministry of Health (MoH) and Accident Compensation Corporation (ACC) have agreed that new, longer-term Service Agreements for Emergency Air Ambulance services will be negotiated with the current contracted providers, taking effect from early 2013 for up to a five-year term.

The Service Agreements are managed by the National Ambulance Sector Office (NASO) on behalf of the MoH and ACC.

Emergency Air Ambulance services

New Zealand's Emergency Air Ambulances services provide aircraft, crew and clinical personnel to respond to medical emergencies to assess, treat and transport ill or injured patients to a hospital. Air ambulances are equipped with lifesaving, resuscitation and transport equipment. The service also provides patient transfers between hospitals within set timeframes.

Improving service delivery

Emergency Air Ambulance services require safe, maintained, dedicated and appropriately equipped aircraft, with qualified and experienced flight and clinical crews. These aircraft need maintenance and replacing on a planned basis, and pilot and clinical training must be current and ongoing. Longer-term Service Agreements enables these aspects to be planned and implemented with greater certainty.

Increasing collaboration

Most current providers of Emergency Air Ambulance services have joined the Air Rescue Group (ARG). The ARG is working together to achieve better co-operation and sharing of Emergency Air Ambulance capabilities and assets across regions. They are already taking steps towards this.

Procurement approach to Service Agreements

A relational procurement process will be used because it supports the establishment and development of a longer-term partnership between the MoH, ACC and the ARG. The process ensures communities continue to receive high quality air ambulance services. Importantly it maintains air ambulance services with no service interruption between agreements.

Working with qualified and experienced service providers

NASO is working with current Emergency Air Ambulance service providers who meet the required standards and criteria. The ARG members who already meet these criteria and standards are invited to participate in the development of a new Service Agreements.

If other air service providers want to be involved in Emergency Air Ambulance services and can meet the requirement criteria and standards, they are encouraged to engage with a current Trust or provider to explore opportunities of partnering with them to deliver the service.

Advice and support

More information about Emergency Air Ambulance services can be found on the NASO website: www.naso.govt.nz alternatively contact NASO on 04 816 3415 or email inquire@naso.govt.nz

Frequently Asked Questions

Q. What are Emergency Air Ambulance services?

A. Emergency Air Ambulance services provide aircraft, crew and clinical personnel able to respond to calls through the 111 phone line to assess, treat and transport ill or injured patients to a place of definitive care using aircraft equipped with suitable lifesaving, resuscitation and transport equipment. The service also provides inter-hospital transfers within the first 24 hours for accident-related ACC patients and within three hours for health-related patients.

Q. Are New Zealanders charged for this service?

A. No, New Zealanders are not charged for the use of this service, neither are overseas residents and visitors who are usually resident in countries with which New Zealand has reciprocal health arrangements. (New Zealand has reciprocal agreements for healthcare with Australia, however this excludes the provision of emergency ambulance services.)

Q. What is the cost of providing Emergency Air ambulance services?

A. The total cost of providing these services is about \$40m. The MoH and ACC contribute around \$13.5 million to the delivery of Emergency Air Ambulance services across the country. The funding from the MoH and ACC, and other public sector agencies covers most, but not all, operational costs. About 50 per cent of service providers' total revenue is raised from communities and commercial sponsorships.

Q. When will the new Service Agreements take effect?

A. The new Service Agreements will take effect early 2013.

Q. What are the benefits of the new Service Agreements?

A. The new Service Agreements are in development and will assure continuity of service provision, include more stringent safety and quality requirements and require providers to work together, with other services, and with NASO to improve efficiency and future sustainability of emergency air ambulance service delivery across the country. This ensures New Zealanders continue to get the right care, at the right time, in the right place, from the right person.

Q. How is the Emergency Air Ambulance sector increasing collaboration?

A. Most of the current providers have joined together in a group called the Air Rescue Group (ARG). The ARG expects to facilitate greater levels of interoperability, co-operation and sharing of air ambulance capabilities and assets across regions and has already taken steps towards this.

Q. How will long-term planning improve service delivery?

A. Emergency Air Ambulance services require safe, well maintained, dedicated, and appropriately equipped aircraft, with well qualified and experienced flight and clinical crews. Aircraft need maintenance and replacing on a planned basis, and pilot and paramedic training must be current and ongoing. Longer-term Service Agreements enables operational aspects of Emergency Air Ambulance services to be planned and implemented with greater certainty.

Q. What will be the procurement process for establishing the new Service Agreements?

A. The MoH and ACC have chosen to use a relational procurement process with current providers, rather than going to the market. This approach has been selected as it offers best value for money, and particularly in terms of: fostering collaboration, integration, and meeting community expectations. It provides reassurance to communities and stability across the emergency air ambulance sector, and importantly maintains service delivery with no service interruption.

Q. What is a relational procurement process?

A. A relational purchase is a funding arrangement between two parties which supports the establishment and development of a long-term partnership. The approach has been adopted to enable the alignment of Provider and Purchaser objectives and provide an opportunity for collaborative long-term planning. Through this approach providers will be encouraged to work together in partnership with the Crown to achieve the best outcomes possible for New Zealanders accessing the service.

Q. Why has NASO decided to seek new Service Agreements with the current providers and not others?

A. NASO is seeking to maintain service continuity and relationships within the current level of Emergency Air Ambulance funding with no service interruption as new Service Agreements take effect. We want to work with providers who have demonstrated a commitment to working together and who meet our selection criteria. All current providers will be invited to participate in the development of a new relational Service Agreement.

Q. Will other interested service providers be able to participate?

A. The services are all provided by community trusts, either directly by trusts which both fund and operate Emergency Air Ambulance services, or trusts which work in partnership with a separate air service operator. Other air service operators if they want to become involved in providing this service and can meet NASO's requirements, the New Zealand Standard for Ambulance and Paramedical Services (NZS8156), and the Ambulance New Zealand Air Ambulance standard, are encouraged to engage with a current Trust or provider to explore opportunities of partnering with them to deliver the service.



Q. What do other interested service providers need to do to comply with NASO's criteria and the standards?

A. To deliver Emergency Air Ambulance services, interested providers need to be a member of Ambulance New Zealand and to be certified by a third party accredited audit agency as compliant against:

- *New Zealand Standard Ambulance and Paramedical Services, Standards New Zealand – NZS 8156:2008*
- *Ambulance New Zealand / Air Ambulance / Air Search and Rescue Service Standard version 1.0: 2011*

They must also be compliant with Civil Aviation Authority regulations and certification requirements.

Access to these standards and requirements is available via the respective websites e.g. Standards New Zealand, Ambulance New Zealand and the Civil Aviation Authority website.