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OIA-2024-5171

12th November 2024

s.9(2)

s.9(2)(ba)(i), s.9(2)(g)

Dear s.9(2)(ba)

I refer to your email of 14 October 2024 requesting, under the Official Information Act 1982 (OIA), *the tender price together with copy of the tender supporting documents* for the Linton Water Supply Upgrade.

The requested information is withheld in accordance with sections 9(2)(ba)(i) and 9(2)(j) of the OIA. This is to protect information provided under an obligation of confidence and avoid prejudice to negotiations respectively.

Outside of the scope of your request, but to assist with future New Zealand Defence Force (NZDF) tenders, a copy of the tender evaluation report is enclosed. Where indicated, information is withheld in accordance with the following sections of the OIA: section 9(2)(a) to protect the privacy of personal information; section 9(2)(ba)(i) for the reason explained above; section 9(2)(g)(i) to maintain the effective conduct of public affairs through free and frank expression of opinions; section 9(2)(h) to maintain legal professional privilege; section 9(2)(j) for the reason explained above; and, section 9(2)(k) to avoid the malicious or inappropriate use of NZDF staff information.

You have the right, under section 28(3) of the OIA, to ask an Ombudsman to review this response to your request. Information about how to make a complaint is available at www.ombudsman.parliament.nz or freephone 0800 802 602.

Please note that responses to official information requests are proactively released where possible. This response to your request will be published shortly on the NZDF website, with your personal information removed.

Yours sincerely

GA Motley
Brigadier
Chief of Staff HQNZDF

Enclosure:

1. NZDF tender evaluation report



**THE SOVEREIGN IN RIGHT OF NEW ZEALAND
NEW ZEALAND DEFENCE FORCE
TE OPE KĀTUA O AOTEAROA**

TENDER EVALUATION REPORT

FOR

RFT_2602 – Linton Water Supply Upgrade and Potable Reticulation Project

13 June 2024

Table of Contents

EXECUTIVE SUMMARY 3

1 Introduction 3

2 Tender Process Summary 3

3 Evaluation Summary 4

4 Recommendation 4

EVALUATION REPORT 5

5 Background 5

PROCUREMENT APPROACH 5

6 Evaluation Approach 6

7 Evaluation Team 7

8 Evaluation criteria 7

9 Responses Received 7

10 Compliant Response Evaluation 7

11 Supplier Elimination 7

12 Evaluation Considerations and Findings. 8

PRICE EVALUATION 11

13 Price Evaluation 11

14 Price Summary 12

15 Contract Price 12

OTHER CONSIDERATIONS 13

16 Due Diligence 13

17 Contract and Technical Tags 13

FINAL EVALUATION 14

18 Selected Option 14

19 Risks 14

RECOMMENDATION 14

20 Recommendation 14

EXECUTIVE SUMMARY

1 Introduction

1.1 The evaluation of the responses to the NZDF Request for Tender (RFT) for construction services to deliver the Linton Water Supply Upgrade and Potable Water Reticulation Projects at Linton Military Camp (LMC) has been concluded in accordance with the approved Significant Procurement Plan (SPP).

1.2 There were four responses to the RFT. s. 9(2)(ba)(i), s. 9(2)(g)(i)

1.3 s. 9(2)(g)(i)

1.4 s. 9(2)(ba)(i), s. 9(2)(g)(i)

, further deliberation was conducted with the evaluation team and NZDF legal counsel. This confirmed a fair process s. 9(2)(g)(i); however, a recommendation is set out in the evaluation report s. 9(2)(g)(i) focused on understanding the potential variation costs s. 9(2)(g)(i) in order to confirm which option provides the best public value.

1.5 s. 9(2)(h)

1.6 DCS notes that there are no probity exceptions with the conduct of NZDF personnel or suppliers during the process of this tender.

1.7 The expected cost of the works excluding project contingency and escalation s. 9(2)(j) is lower than the construction cost estimate s. 9(2)(j) contained in the Business Case and at Approval in Principle (AIP).

2 Tender Process Summary

2.1 There were four responses to the RFT from the following suppliers:

a. s. 9(2)(ba)(i)

b.

c.

d.

2.2 s. 9(2)(ba)(i), s. 9(2)(g)(i)

2.3 An overview of the evaluation process is as follows:


a. **Mandatory response criteria (Pass/Fail).** All suppliers passed the mandatory qualification requirements.

b. **Health, Safety and Environmental response criteria (For information only – not scored).** The DEI Health and Safety SME and Environmental Health Officer from LMC were engaged to assess the information provided. Outputs from the assessment was shared with the evaluation panel during the moderation workshop. The assessment s. 9(2)(g)(i) highlighted that NZDF Health, Safety, and Environment (HSE) leads at LMC would need to collaborate closely s. 9(2)(g)(i) before the work commences to ensure NZDF Health, Safety and Environmental requirements are met throughout the project's duration.

- c. **Technical envelope.** The technical evaluation team conducted individual evaluation of technical proposals and submitted scores to the evaluation chair prior to moderation workshop on 17 April 24. To ensure the robustness of the technical evaluation, the technical evaluation team were not permitted to view the pricing envelope until after the technical scores had been moderated. All other response information was shared with the technical evaluation team to ensure the technical aspects of the proposals could be fully assessed.
- d. **Pricing envelope.** The pricing evaluation team undertook a normalisation assessment of the pricing information to determine the most likely price from the trade summaries provided by the shortlisted suppliers. The normalised prices were then provided to the technical evaluation team on 2 May 24 following the moderation workshop on 17 April 24, and total scores allocated in accordance with the pricing formula set out in this report. The normalisation assessment was agreed in advance of the tender close, and which culminated in the normalised tender price set out in this recommendation. This allowed scoring of individual price responses based on their variance from the lowest price. The normalisation process does not normalise the cost of tags from each respondent.


3 Evaluation Summary

- 3.1 Based on the evaluation criteria set out in the procurement plan and tender documents, the evaluation concluded that the best option for the NZDF would be to select the supplier that presented the best balance of non-price attributes with a commercially viable price response.

- 3.2 s. 9(2)(ba)(i), s. 9(2)(g)(i)
- 

4 Recommendation

- 4.1 It is recommended that the NZDF Special Procurement Assurance Board:

- s. 9(2)(g)(i), s. 9(2)(j)
- 

EVALUATION REPORT

5 Background

5.1 This Report relates to the procurement of construction services to deliver the Linton Water Supply Upgrade and Potable Water Reticulation Projects at Linton Military Camp (LMC) to meet the requirements of LMC and Defence Estate and Infrastructure (DEI). This work is part of the Defence Estate Regeneration Plan (DERP), and the Single Stage Light Business Case (SSLBC) for this project has received financial Approval in Principle (AIP).

5.2 Project Definition

5.3 The Linton Water Supply Upgrade and Potable Water Reticulation Project objective is to upgrade the horizontal infrastructure for water reticulation at LMC to improve reliability of the network and ensure LMC meets legislative and regulatory standards related to drinking water.

5.4 The key benefits include:

- Improved health and safety: Safer drinking water and a more reliable system reducing health risks for personnel.
- Enhanced functionality and resilience: The upgraded system will better meet current and future needs, withstand future demands, and be less prone to breakdowns.
- Reduced costs: Lower maintenance needs and fewer unexpected repairs will save money.
- Compliance with regulations: The upgraded system will ensure the NZDF meets all legal requirements for supplying drinking water.

For the potable water reticulation specifically, the benefits include:

- Reduced operational risks: A reliable system minimises disruptions to military operations and personnel safety.
- Improved efficiency: A well-maintained system operates more efficiently.
- Reduced water waste and costs: Less leakage means less water needs to be purchased and less goes to waste, saving money and helping the environment.

5.5 This project will be administered under one NZS3910 (Major Works) Measure and Value Contract with two separable portions:

- Separable Portion 1 – LMC Water Supply Upgrade
- Separable Portion 2 – LMC Potable Water Reticulation

PROCUREMENT APPROACH

5.6 Responses were accepted exclusively through SmartProcure and initially the evaluation of responses took place individually, with the evaluation team subsequently coming together for moderation. This process required evaluation of three envelopes:

- Health & Safety, and Environmental (not scored)** – Respondent was asked to provide a response considering NZDF Health & Safety Systems, in particular CHESS, and applicable COVID-19 protocols, as well as Environmental requirements. The responses were assessed outside of the weighted attributes on their merit, with subject matter experts providing commentary.
- Non-Price Attributes (Qualification & Technical Envelope)** – General information about the respondent and any mandatory requirements that had to be agreed to and/or met before being considered by the evaluation team. This also includes proposed solution including methodologies.
- Price Attributes (Commercial Envelope)** - The tendered price from each respondent was analysed by the DEI Alliance cost consultant, considering commercial tags or other aspects of the responses that were likely to affect final price. This allowed the provision of a normalised price for each Respondent, against which scoring could occur. The normalisation of pricing enables evaluation of like-for-like price responses.

EVALUATION PANEL AND WEIGHTINGS**6 Evaluation Approach**

6.1 The responses were evaluated through the following approach:

Stage	Description
1	The evaluation team members completed a Conflict-of-Interest Declaration prior to the RFT being made live, and then again after the closure of the RFT.
2	The DCS Facilitator evaluated the envelopes against NZDF's mandatory requirements.
3	Envelopes were distributed to members of evaluation team and the pricing evaluator to allow them to independently evaluate and scored the responses according to the methodology outlined in the Evaluation Plan.
4	The DCS Facilitator independently collated the information, noted trends and/or irregularities between responses and scoring methodologies, and compiled comments from each evaluator.
5	The evaluation team met at a moderation meeting to discuss and moderate the final Non-Price Attribute scores, resulting in a consolidated team score for each respondent. The moderated scores allowed the evaluation team to rank the suppliers according to their ability to meet the RFT requirements. The Price scores were then shared with the panel, providing cumulative total scores for all respondents.

Procurement milestone	Date
RFT closed	25 March 24 (originally 26 February 24)
Evaluate offers –Individual panel members (Non-Price Attributes)	27 Mar - 16 April 24
Evaluate offers – Price Attributes	27 Mar – 1 May 24
Evaluation Moderation Session – panel	17 April 24 and 19 April 24
Recommendation minute drafted	19 April 24 – 24 May 24
Recommendation minute submitted	13 June 24
Contract negotiation and award	Pending SPAB approval

7 Evaluation Team

7.1 The evaluation team and the envelopes evaluated are as follows:

Evaluator	Business Unit	Health, Safety Environmental	Non-Price Attributes	Price Attributes
s. 9(2)(g)(i)	Construction Project Manager (CPM), DEI LMC		✓	
	Programme Director, Linton Infrastructure Programme		✓	
	3 Waters		✓	
	H&S Regional Specialist, LMC	✓		
	DEI Environmental Services Specialist	✓		
	Engineers Representative (ER), PDP		✓ (SME non-voting)	
	DEI Alliance (Beca)			✓

8 Evaluation criteria

8.1 The table below denotes the evaluation criteria agreed through the Significant Procurement Plan (SPP).

Serial	Criteria (weighted & non-weighted)	Weighting
1	Experience and Capability	15%
2	Key Project Personnel Experience	15%
3	Understanding Tender Requirements & Methodology	20%
4	Risk Management	10%
5	Broader Outcomes	10%
6	Price	30%
	Total weighting	100%

TECHNICAL EVALUATION CONSIDERATIONS AND FINDINGS

9 Responses Received

9.1 The following suppliers submitted responses to the RFT:

- a. s. 9(2)(ba)(i), s. 9(2)(g)(i)
- b. [REDACTED]
- c. [REDACTED]
- d. [REDACTED]

10 Compliant Response Evaluation

10.1 The Evaluation Team assessed the responses, and all were found to be generally compliant with the qualification requirements set out in the RFT.

11 Supplier Elimination

11.1 No suppliers were eliminated from technical evaluation.

12 Evaluation Considerations and Findings – Non-Price Attributes.

12.1 The following findings were made on each respondent based on moderation of non-price technical attributes.

a. s. 9(2)(g)(i)

Strengths.

- (1) Strong project experience with proven success with similar projects, providing detailed and relevant descriptions that align with the RFT criteria.
- (2) Comprehensive and proven methodology that offers a well-defined approach with experience to back it up, demonstrating awareness of military considerations and subcontractor roles. s. 9(2)(ba)(i), s. 9(2)(g)(i)
- (3) Compliance and broader outcomes have been presented in a convincing and credible manner that meets all the tender criteria. s. 9(2)(ba)(i), s. 9(2)(g)(i)
- (4) s. 9(2)(ba)(i) demonstrated the best understanding of NZDF's technical requirements, s. 9(2)(ba)(i), s. 9(2)(g)(i)

Weaknesses.

- (5) s. 9(2)(ba)(i), s. 9(2)(g)(i)
- (6) s. 9(2)(ba)(i) did not provide a CHES templated Construction Safety Management Plan as they have not worked with CHES previously within Central. CHES experience is not required as part of the tender process.
- (7) s. 9(2)(ba)(i), s. 9(2)(j)

Due diligence outside of the Non-Price attributes.

- (1) The financial due diligence highlighted no particular areas of concern s. 9(2)(ba)(i), s. 9(2)(g)(i)
- (2) s. 9(2)(ba)(i), s. 9(2)(j)

b. s. 9(2)(g)(i)

Strengths.

- (1) Proven track record and experienced team, s. 9(2)(ba)(i) demonstrated a strong track record of delivering successful projects on time and within budget. Many of the personnel involved in these projects would be assigned to the LMC project, showcasing a highly qualified and experienced team.
- (2) The proposal conveys their clear ability to manage and complete this project effectively. They plan to handle s. 9(2)(ba)(i) works internally with comprehensive management oversight.
- (3) Well-defined methodology and a realistic project schedule. s. 9(2)(ba)(i), s. 9(2)(g)(i)
- (4) s. 9(2)(ba)(i), s. 9(2)(g)(i)
- (5) Overall, s. 9(2)(ba)(i) proposal highlighted a strong understanding of the project requirements. s. 9(2)(g)(i)

Weaknesses.

- (6) s. 9(2)(ba)(i), s. 9(2)(g)(i) it lacked project-specific details.
- (7) s. 9(2)(g)(i) . The final moderated score reflect a more balanced assessment based on the information provided in s. 9(2)(ba)(i) Risk Management response. The evaluation team ultimately considered this outcome fair and reflective of the alignment of the response with the expectations outlined in the RFT documents.
- (8) s. 9(2)(ba)(i), s. 9(2)(g)(i) . It's important to note that s. 9(2)(ba)(i) current project experience suggests they possess strong risk management capabilities, effectively managing both project risk and health and safety/environmental risks with minimal external support.

Due diligence outside of the Non-Price attributes

- (1) The financial due diligence highlighted no particular areas of concern s. 9(2)(ba)(i), s. 9(2)(g)(i)
- (2) s. 9(2)(ba)(i), s. 9(2)(j)

c. s. 9(2)(g)(i)

Strengths.

- (1) s. 9(2)(ba)(i) demonstrated a high level of technical knowledge and proficiency in their response, supported by relevant project examples.
- (2) Effective project management, s. 9(2)(ba)(i) presented their approach to methodology and subcontractor management well and it aligns clearly with the RFT's requirements.
- (3) s. 9(2)(ba)(i) showcased a strong understanding of NZDF systems and requirements, reflected in their contract management plan and team composition. s. 9(2)(g)(i)
- (4) Commitment to Broader Outcomes, s. 9(2)(ba)(i), s. 9(2)(g)(i) in both sustainability and workforce development, with a clear focus on benefiting local businesses. s. 9(2)(ba)(i)

Weaknesses.

- (5) Further detail and site-specific considerations could enhance the management plans, particularly the traffic management plan. Providing a higher level of detail initially would demonstrate a stronger understanding of potential site constraints.
- (6) The risk management plan could benefit from a more comprehensive breakdown of individual risks. This includes details on how each risk will be managed, communicated, and mitigated. Providing a clearer picture of their risk management approach would strengthen the proposal.

Due diligence. s. 9(2)(g)(i)

d. s. 9(2)(g)(i)

Strengths.

- (1) s. 9(2)(ba)(i) demonstrated their thought process for fulfilling project requirements well. Their detailed methodology showcases a strong grasp of project needs and provides options for complex tasks s. 9(2)(ba)(i). This combination of clear thought process, detailed methods, and understanding of specific challenges shows they understand the requirements.
- (2) Well-defined risk management process outlined through a chart flow diagram and described responsibilities within their team. While there's room for improvement in communication (e.g., specifying risk ownership), their established framework provides a solid foundation. s. 9(2)(ba)(i), s. 9(2)(g)(i)
- (3) Demonstrated a strong commitment to social responsibility through initiatives like waste reduction, s. 9(2)(ba)(i) and supporting local businesses. They also prioritise reducing their carbon footprint.

This focus on sustainability and community engagement positions them favourably as a responsible contractor.

- (4) They have also allowed time in their programme for lwi communications. This is a positive strength, s. 9(2)(g)(i)

Weaknesses.

- (5) The proposal lacks examples of past projects with a scale and scope comparable to this potable water project. This makes it difficult to assess their ability to handle a project of this size and complexity.
- (6) The proposed team appears relatively small for a project of this scale.
- (7) CVs presented limited details on directly relevant experience for the project, focusing more on trade qualifications than higher-level engineering expertise.
- (8) s. 9(2)(ba)(i), s. 9(2)(g)(i)
- (9) While a supervisor is mentioned, there's a lack of clarity regarding their experience and the support system they will have in place.

Due diligence. s. 9(2)(g)(i)

PRICE EVALUATION

13 Price Evaluation

13.1 s. 9(2)(j)

13.2

13.3

13.4

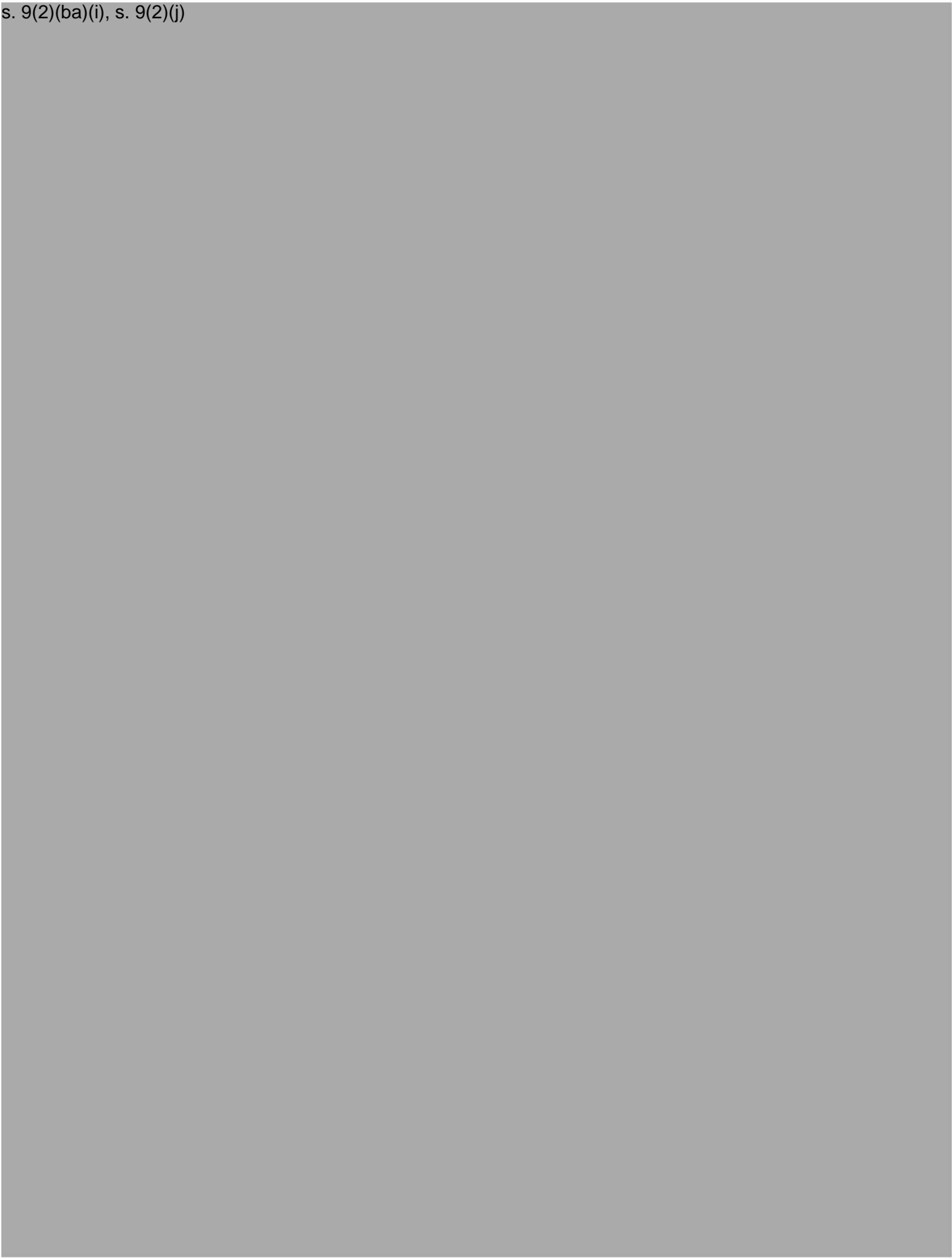
13.5

13.6

13.7

14 Price Summary

14.1 s. 9(2)(ba)(i), s. 9(2)(j)



15 Contract Price

15.1 s. 9(2)(ba)(i), s. 9(2)(j)

15.2



15.3 The terms of the RFT also reflect that the contract will be a 'Measure and Value' contract. Accordingly, the scope of work is defined in terms of quantities or measurements, rather than specific tasks or items. The preferred tenderer will be responsible for measuring and quantifying the work completed, and the Engineer to Contract oversees the project verifies, confirms these measurements. NZDF's payment will be determined by multiplying the quantities of work completed, as verified by the Engineer to Contract, based on the agreed-upon rates for each item of work.

OTHER CONSIDERATIONS

16 Due Diligence

16.1 s. 9(2)(g)(i), s. 9(2)(h)

16.2

16.3

16.4

16.5

17 Contract and Technical Tags

17.1 s. 9(2)(ba)(i), s. 9(2)(j)

17.2 s. 9(2)(ba)(i), s. 9(2)(j)

FINAL EVALUATION

18 Selected Option

18.1 Following the evaluation s. 9(2)(j) and identification of the best overall value proposition, NZDF will commence contract negotiations with the preferred supplier s. 9(2)(ba)(i).

19 s. 9(2)(g)(i), s. 9(2)(j)

19.1

19.2

19.3

RECOMMENDATION

20 Recommendation

20.1 s. 9(2)(g)(i), s. 9(2)(j)

20.2

Signed by (Author) <i>PROCUREMENT LEAD</i>	Supported by (business owner):
Signed: s. 9(2)(g)(i), s. 9(2)(k)	Signed: s. 9(2)(k)
Name: [Redacted]	Name: Wally Butt
Title: Construction Procurement Support	Title: GM, Estate Delivery, DEI,

DtelN: N/A	DtelN:
Date: 24/6/24	Date:
Endorsed	Endorsed
Signed: s. 9(2)(g)(i), s. 9(2)(k)	Signed: Currently sick. No further capacity for peer review
Name: [Redacted]	Name: s. 9(2)(a)
Title: Practice Lead	Title: Practice Lead
DtelN: 24/06/24	DtelN:
Date:	Date:

Attachments:

- A. Legal Memorandum

Appendices:

- B. s. 9(2)(ba)(i), s. 9(2)(j)
- C. [Redacted]