



Headquarters
New Zealand Defence Force
Defence House
Private Bag 39997
Wellington Mail Centre
Lower Hutt 5045
New Zealand

OIA-2026-5630

13th March 2026

Sam Brown

fyi-request-33385-324a28b4@requests.fyi.org.nz

Dear Sam Brown

I refer to your email of 6 January 2026 requesting, under the Official Information Act 1982 (OIA):

Please provide all information currently held in relation to Spotless/Downer facility maintenance/management contracts between 2010-2025. Please include information which specifically relates to the Ohakea Air Base, Waiouru Camp and Waiouru Army Museum.

Provide information related to tendering processes, including contract values, and vendor selection decisions. Also include information related to KPI management and deliverables, along with any information supplied by informants or via formal complaint about instances of certification and/or document falsification/forgery by the vendor/s or it's staff/contractors. Additionally, include information related to any official correspondence or complaints about vendor misconduct to MoD.

Your request was transferred from the Ministry of Defence to the New Zealand Defence Force (NZDF) on 6 January 2026, and was refined on 7 January 2026 to only include information relating to:

- Ohakea Air Base
- Waiouru Military Camp
- The National Army Museum

Due to the historic nature of NZDF Spotless/Downer maintenance contracts, locating this information would require a substantial collation and research effort from NZDF archives. This information is therefore refused under section 18(f) of the OIA.

Tender evaluation, process, and vendor selection decisions information can be found in Enclosure 1.

Key Performance indicators were amended in 2022, and are updated monthly and reviewed as part of quarterly relationship meetings. A copy of the current KPI reporting template can be found in Enclosure 2.

No instances associated with certification or document forgery identified in your request have been found.

Three formal complaints have been identified relating to contractor personnel at Ohakea Air Base. These date between 2020 and 2025. Two relate to the behaviour of a contractor's

staff member towards NZDF and other contractor personnel. One relates to safety and security concerns of a contractor staff member and visitor accessing a facility.

No formal complaints were identified relating to the Waiouru sites, however the NZDF is aware through verbal advice of two matters pertaining to staff behaviour toward NZDF personnel and a health and safety issue.

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

Enclosures:

1. RFP Evaluation Report – 11 February 2023
2. KPI tables



HER MAJESTY THE QUEEN

**NEW ZEALAND DEFENCE FORCE
TE OPE KĀTUA O AOTEAROA**

TENDER EVALUATION REPORT

FOR

**Facilities Maintenance and Management Services –
FM2767 Manawatu Hub and FM3065 Waiouru Museum**

March 2011

Released under the Official Information Act 1982

Table of Contents

Executive Summary	3
Introduction	3
Evaluation Summary	3
Recom-mendation.....	3
Scope of Services	4
Current Contracts and Scope	4
Market Strategy.....	5
Procurement Plan	5
Project Objectives	5
Competitive/.....	5
Selective	5
Project Governance	6
Evaluation Team	6
Process Assurance	6
Evaluation Process and Criteria	7
Evaluation Approach.....	7
SmartProcure Qualification Envelope	7
SmartProcure Technical Envelope	7
SmartProcure Commercial Envelope.....	7
Moderation Meetings.....	7
Clarifications and Final Recommendation.....	8
Offers Received	8
Offers Received	8
Compliance Evaluation.....	8
Evaluation Findings.....	8
Non-Price Attributes Evaluation.....	9
Evaluation Criteria.....	9
Evaluation Scoring	9
Evaluation Findings.....	10
Non-Price Summary Content.....	10
Price Attributes Evaluation	11
Evaluation Criteria and Risk Filter	11
Evaluation.....	12
Findings.....	12
Price Summary Content	12
Initial Recommendation.....	13
Added Value.....	13
Other Considerations	13
Other Considerations	13
Next Steps	14
Recommendation	14
Recom-mendation.....	14
ANNEX A.....	16

Released under the Official Information Act 1982

Executive Summary

Introduction	The evaluation of the offers received for the tender for Facilities Maintenance and Management Services to FM2767 Manawatu Hub and FM3065 Waiouru Museum has been conducted.
Evaluation Summary	The evaluation was conducted for compliance with the Statement of Requirement and contractual conditions by the tenderers, and concluded that the 'best fit and best value for money' option for NZDF would be to negotiate a contract with Spotless Services (NZ) Ltd to provide Facilities Maintenance and Management Services to FM2767 Manawatu Hub and FM3065 Waiouru Museum. All prices are quoted exclusive of GST.
Recommendation	<p>It is recommended that the Project Sponsor:</p> <p>Notes. The Evaluation Team's initial recommendation that Spotless Services (NZ) Ltd is the preferred supplier for Facilities Maintenance and Management Services FM2767 Manawatu Hub and FM3065 Waiouru Museum for a five year term, and that this period may be extended for one consecutive additional term of five years at NZDF's sole discretion.</p> <p>Notes. The estimated value of the contract is \$67M over a five year term, with a total estimated value of \$134M over a ten year term.</p> <p>Notes. DSS Property Group is to conduct final clarifications and negotiations with the preferred supplier to enable a final recommendation to be taken to the NZDF Major Tenders Board via the DSS Tenders Board.</p> <p>Notes. DSS Commercial Support to consider a reduction in the bond value from \$5M down to \$1M for the FM2767/FM3065 FM contracts.</p> <p>Notes. DSS Commercial Support to advice on the probity of accepting various savings initiatives offered by the preferred supplier in their tender submission.</p> <p>Notes. DSS Property Group to negotiate with the preferred supplier for ownership of the Waiouru Camp Service Centre facility to be incorporated into the FM2767 contract.</p> <p>Notes. Any alternative proposals offered by the preferred supplier are put to one side for later consideration.</p>

Scope of Services

Current Contracts and Scope

The intent of this RFP is to re-tender and imbed a new Facilities Maintenance and Management Services contract for the Manawatu Hub and Army Museum to replace the following existing contracts.

- FM1060 Transfield Services (NZ) Ltd for FM Services to Waiouru Military Camp & Army Museum.
- FM2239 Transfield Services (NZ) Ltd for Trades Services to Ohakea Air Force Base.
- FM2240 OCS NZ Ltd for Cleaning and Pest Control Services to Ohakea Air Force Base.
- FM2242 Budget Waste for Waste Management Services to Ohakea Air Force Base.
- FM1203 PAE (NZ) Ltd for FM Services to Linton Military Camp.

The Manawatu Hub encompasses the following four main NZDF sites plus other outlying defence sites within the region.

- Ohakea Air Force Base
- Waiouru Military Camp
- Army Museum Waiouru
- Linton Military Camp

The scope of services to be delivered by the new FM2767 Manawatu Hub and FM3065 Army Museum FM Contracts are as follows:

- Grounds & Roads Maintenance.
- Pest Control.
- Shooting Ranges Maintenance.
- Buildings & Structures.
- Services Trades & Utilities.
- Security (fences, gates, alarms).
- Waste Management.
- Cleaning & Hygiene Services.
- Building Compliance.
- Asset & Data Management.
- Project Management.
- Service Call Centre.

The current budget for delivery of the above services (FY 10/11) is \$13,994,822 per annum.

Out of scope services that are excluded from the new FM2767 Manawatu Hub and FM3065 Army Museum FM Contracts are as follows:

- Security Guard Staffing.
- Barrack & Transit Accommodation Services.
- Catering & Mess Services.
- Hospitality & Bar Services.
- Cleaning of bedrooms, toilets and common areas within Army & Airforce barracks.
- Cleaning of bedrooms, toilets and common areas within Officers, Warrant Officers and Senior Non Commissioned Officers messes.
- Library Services.
- Reprographic Services.
- Communications & Data Reticulation/Cabling.
- All other Garrison Support Services.

A number of options have been identified for the continued delivery of these excluded services. These options are being developed separately to the implementation of the Manawatu Hub & Army Museum contracts.

Market Strategy

Procurement Plan

The Procurement Plan for the Manawatu Hub Facilities Maintenance Contract was endorsed by the Major Tenders Board on 26 May 2010. The project was initiated to re-tender the Manawatu Hub as a regionalised contract in accordance with DFO8/2009, implement an outcomes performance based contract model, and to address the various existing Facilities Maintenance (FM) contracts that are due to expire on 30 Jun 11.

Project Objectives

The objectives of the Statement of Requirement are:

- achieve quality Services for the maintenance and management of NZDF assets and facilities,
- utilise market expertise, seeking innovation, sustainability initiatives, and a culture of continuous improvement,
- receive value for money, and
- minimise NZDF's need to invest in non-core processes.

Other benefits to be realised as a result of this tender are:

- consistent service provision across all sites,
 - ongoing programme of improved contract type and performance,
 - NZDF will be better positioned for future changes and demands within the FM market,
 - DSS Property Group will be better positioned for future policy and strategic changes with respect to estate management,
 - improved cost certainty and financial management of contracts, and
 - potential gains in resource efficiencies and management structures.
-

Competitive/ Selective

Competitive tender processes were followed, using a two stage approach (i.e. ROI then RFP) to engage the market.

The ROI was advertised through e-tendering and the three main New Zealand daily newspapers. The ROI evaluation process short-listed seven companies to proceed to the RFP stage. The short-listing was endorsed by the Major Tenders Board on 20 Sep 10.

The RFP document was released to seven companies on 23 Nov 10. Six companies responded by the tender closing date of 11 Feb 11. The seventh company – City Care Limited withdrew citing an unexpected volume of work required with providing services arising from the first Christchurch earthquake in Sep 10.

Project Governance

The Project Sponsor is D DSS.

The Project Sponsor champions the project, interprets and approves steering group decisions and promotes and supports effective collective decision making.

A Steering Group was established and includes:

- GM Prop Gp - Chair
- GM Com Spt
- GM Bus Dev
- GM Cust Spt
- GM Bus Proc
- DSS Fin Advr

The Steering Group is responsible for providing guidance on strategy and any matters affecting project outcomes, resourcing, funding, key stakeholder management and approval of evaluation criteria. Steering Group meetings convenes prior to any tender board submissions required on this project. The NZDF Majors Tenders Board (MTB) through the DSS TB reviews and endorses decisions taken with regards to ROI short-listing and RFP preferred tenderer.

Evaluation Team

The Evaluation Team consisted of:

Name	Title/Role	Function Undertaken
s. 9(2)(a)	Project Manager	Evaluation Lead
	Panel Member	Qualification Envelope
	Facilitator	Technical Envelope
	Moderator	Technical Envelope
	Panel Member	Technical Envelope
	Panel Member	Technical Envelope
	Panel Member	Technical Envelope
	Panel Member	Technical Envelope
	Panel Member	Technical Envelope
	Panel Member	Technical Envelope
	Facilitator/Moderator	Commercial Envelope
	Panel Member	Commercial Envelope
	Panel Member	Commercial Envelope
	Panel Member	Commercial Envelope
	Panel Member	Commercial Envelope

Process Assurance

NZDF contracted Audit New Zealand to provide an independent assurance that:

- Key stages of the RFP tender process conformed to NZDF's procurement policies and recognised good practice in procurement.
- Any significant risks that the assurance provider identified during the course of the tender process would be promptly made known to DSS personnel so that those risks can be appropriately managed and mitigated.

The issue of probity was addressed to ensure the integrity and consistency of the tender process and to ensure all tendering parties are treated fairly.

Evaluation Process and Criteria

Evaluation Approach

The tender responses were evaluated and moderated in accordance with the Evaluation Plan at (Encl One dated 10 Feb 11) and the Instructions to Evaluators dated 7 Mar 11.

The plan required the evaluation process to be completed in six stages. These stages were:

- Stage One – Evaluation Commencement.
 - Stage Two – Scoring the RFP Responses.
 - Stage Three – Non-Price Attributes Assessment and Moderation Meeting.
 - Stage Four – Price Attributes Assessment Moderation Meeting.
 - Stage Five – Final Assessment and Initial Recommendation.
 - Stage Six – Evaluation Completion and Final Recommendation.
-

SmartProcure Qualification Envelope

Tenderers submitted their responses to the mandatory questions detailed in the Qualification envelope on NZDF's e-tendering system – SmartProcure. Offers were checked for compliance against the mandatory criteria as set out in the RFP documentation as part of stage one of the evaluation process.

SmartProcure Technical Envelope

Tenderers submitted their responses to the Statement of Requirement questions in the Technical envelope on SmartProcure. Evaluators individual scoring to these "Non-Price Attributes" was conducted as part of stage two of the evaluation process.

SmartProcure Commercial Envelope

Tenderers submitted their Price Attributes responses in the Commercial envelope on SmartProcure. The prices were evaluated and scored against a risk analysis profile as part of stage two of the evaluation process.

Moderation Meetings

Once the scoring of the Technical and Commercial evaluations were completed a number of moderation meetings were conducted as part of stages three, four, and five of the evaluation process to arrive at a combined moderated assessment of the Non-Price and Price Attributes offers.

The evaluation team also requested a number of clarifications of tenderers submissions, as follows:

- PAE NZ Ltd – one technical question.
- Spotless Services Ltd – one qualification question, one technical question and one commercial question.

The final outcome of this stage was that the evaluation team made an initial recommendation of one tenderer as providing the 'best fit and best value for money' for NZDF.

**Clarifications
and Final
Recommendation**

Completion of the Evaluation Report and endorsement of the initial recommendation by the Project Sponsor is to be conducted as part of stage six of the evaluation process.

This stage also requires final clarifications and negotiations to be undertaken with the preferred tenderer. Once completed a submission to the NZDF Major Tenders Board via the DSS Tenders Board is to be made for endorsement of a final recommendation.

Offers Received

**Offers
Received**

Tender documents were issued to and responses were received from:

- Fulton Hogan Ltd.
- Transfield Services (NZ) Ltd.
- Downer.
- PAE NZ Ltd.
- Spotless Services (NZ) Ltd.
- Serco Sodexo.

Tender documents were also issued to City Care Limited, but they declined to submit a bid due to an unexpected work load arising from the September 2010 earthquake in Christchurch.

Compliance Evaluation

**Evaluation
Findings**

Tenderers were asked in the RFP Qualification Envelope to confirm that their RFP response was compliant against the mandatory criteria. All responses to this envelope were found to be compliant, however a number of Tenderers had not fully accepted all the NZDF's draft contract terms and condition clauses. These clauses require resolution either with clarification or during negotiations with the preferred tenderer in stage six of the evaluation process. A notable request from the majority of tenderers was for NZDF to consider reducing the value of the bond from \$5M down to a value in the order of \$1M. Spotless Services Ltd even proposed an annual saving of \$51,350 should the bond value be reduced to \$1M.

Non-Price Attributes Evaluation

Evaluation Criteria

Tenderers were asked in the RFP Technical Envelope to respond to a series of questions across three key non-price elements.

- Asset Related Outcomes – The physical maintenance works e.g. grounds, cleaning, services trades, waste management.
- High Level Outcomes - Enablers provided by the company at the site level e.g. asset management, data management, call centre, project management services.
- Over Arching Attributes – Wider corporate level enablers to the provision of services e.g. added value, innovations proposed, health & safety, reporting.

Evaluation Scoring

The scoring used to evaluate the non-price responses were:

Rating	Scoring Guideline	Scoring Range
Exceeds all requirements	Supporting statement demonstrates a level of service significantly beyond NZDF's base requirements and business objectives in all areas.	10
Exceeds by a clear margin	Supporting statement exceeds the specified requirement by a clear margin in several areas.	8
Meets requirements	Supporting statement indicates a good understanding of the requirement. No weaknesses or deficiencies that will impact on requirements.	6
Has minor deficiencies	Supporting statement indicates a general understanding of the requirement. Some minor weaknesses or deficiencies.	4
Has major deficiencies	Supporting statement indicates an inability to meet most of the requirement. Some major weaknesses or deficiencies.	2
Does not meet any requirements	Supporting statement indicates a complete inability to deliver the requirement and/or did not answer the requirement.	0

A total possible score achievable by Tenderers for the three non-price elements is 1000. The minimum score required to enable a tenderer to proceed to the price assessment phase is 600.

The following table outlines how the scoring was allocated to each element.

Tenderer	Asset Related Outcomes	High Level Outcomes	Overarching Attributes	Total Non-Price Score
A	350	325	325	1000

Evaluation Findings

Based on a careful evaluation of how well each of the six responses could meet the technical envelope evaluation criteria, only five tender responses met the requirements and achieved a score of 600 or better.

The following table provides a summary of the moderated scoring for the non-price attributes evaluation phase:

Tenderer	Asset Related Outcome Score	High level Outcomes Score	Overarching Attributes Score	Total Non-Price Score
Downer	186	187	207	580
Fulton Hogan Ltd	209	216	219	644
PAE NZ Ltd	212	226	214	652
Serco Sodexo	201	213	208	622
Spotless Services Ltd	205	210	215	630
Transfield Services	210	226	214	650

Non-Price Summary Content

Downer’s response failed to convince the evaluation team in respect of the Asset Related Outcomes and High Level Outcomes elements and this resulted in their overall score falling below the required score of 600. This prevented their response from proceeding to the price attributes assessment phase. Their response did however, score reasonably well in the Overarching Attributes element but this was tempered against 39 clear deficiencies across the other elements. The Evaluation Team’s overall comment was that Downer’s response tended to provide overarching statements while lacking detailed methodology.

Fulton Hogan Ltd’s response scored consistently across all elements and resulted in them being placed a close third in the non-price attributes assessment phase. Particular strengths in their response were shown in regards to Waste Management, Cleaning and Overarching Attributes elements where responses were well detailed and indicating an area of expertise for Fulton Hogan Ltd. These are areas where they have demonstrated a clear ability being the incumbent service provider to NZDF at Papakura Military Camp.

PAE NZ Ltd as the incumbent service provider at Linton Military Camp achieved the highest non-price attributes score. Their response was consistent across all elements with a particular strength in High Level Outcomes elements where they demonstrated good use of the SPM asset management system, CMMS data management software, intergration with NZDF systems, and a predictive modelling approach to maintenance. They also scored well against Asset Related Outcomes in the planned maintenance of grounds, buildings and services trades. Their response indicated a clear understanding of NZDF’s key drivers in the management of the estate.

Serco Sodexo provided a response which was average across all elements that resulted in them being placed fifth in the non-price attributes assessment phase, while still achieving a score in excess of 600. The Evaluation Team’s overall comment was that their submission suffered from excessive referencing which made assessing their response difficult, and also suggested a lack of knowledge of work volumes required across a number of elements. Nevertheless, a good response from a company looking to re-establish themselves in New Zealand.

Spotless Services Ltd also provided a response which was average across all elements and which resulted in them being placed fourth in the non-price attributes assessment phase. Their response was characterised by a number of good initiatives, added value items and a sound approach to asset/data management. Spotless Services also provided in their submission a significant

number of cost saving initiatives for separate consideration. Boiler management was one area of concern in their response; however it is fair to say that the majority of respondents provided unconvincing responses to this element.

Transfield Services Ltd are the incumbent service provider at Waiouru Military Camp and Ohakea Air Force Base. They provided a response which ranked them a very close second in the non-price attributes assessment phase. Their response was very consistent across all elements with particular strengths in the areas of asset/data management and performance management. Transfield Services Ltd have proposed a dedicated asset management team utilising good IT systems and field technologies to fit well with key NZDF drivers around the management of the defence estate.

Price Attributes Evaluation

Evaluation Criteria and Risk Filter

Tender prices were evaluated in the RFP Commercial Envelope as follows:

- Those tenderers that achieved a non-price attributes score of 600 or more then progressed to the price attributes evaluation phase. The tenderer's scores from the non-price attributes evaluation phase were removed and they were then assessed solely on price.
- The total annual contract price offered by each tenderer was then scored in accordance with a median calculation formula ("500+1000 x (median tender price-tender price)/median tender price"). Refer to the Evaluation Plan for a detailed explanation on how the formula works.
- The price scoring by the median formula mechanism was 'overlaid' with a risk analysis filter applied to a number of pricing factors as detailed below to achieve an overall moderated price score. Where risks are considered too great to accept that tenderer's ranking was downgraded.
- The filter also provided the final ranking of the tender prices with the highest moderated score being ranked first.

Pricing factors in which the risk analysis filter was applied to included:

- Total Contract Price: under priced, over priced or non priced cost elements which would distort the annual cost component.
 - Overheads: unreasonable and unjustifiable overhead costs.
 - Profit Margin: was the identified profit margin reflective of the industry as a whole and was the nominated Profit Margin at Risk mechanism reasonable.
 - Outcome Prices: was there relativity of prices between outcomes and site locations.
 - Work Labour Rates: over priced work rates that may have had an impact on the variable work offered to the contractor, potentially designed to make up for losses on the fixed fee components of the contract.
 - Other Rates and Charges: were there any rates and charges that would expose NZDF to increased costs in variable work offered.
 - Transition Costs and Manuals: were the nominated amounts reasonable or would these have an impact on current operating budgets.
-

Evaluation Findings

The following table provides a summary of the moderated scoring for the price attributes evaluation phase and final overall ranking of bids:

Tenderer	Total Annual Contract Price	Score out of 1000	Moderated Score	Final Ranking
Downer*	-	-	-	-
Fulton Hogan	\$17,876,483	263	453	5
PAE NZ Ltd**	\$14,452,797	500	531	3
Serco Sodexo	\$14,717,324	482	526	4
Spotless Services	\$13,262,714	582	706	1
Transfield Services	\$13,972,134	533	566	2

***Note:** This Tenderer did not achieve a score of 600 or better for the non-price (technical envelope) attributes evaluation phase and subsequently their Total Annual Contract Price of \$14,157,389 did not move to the price (commercial envelope) attributes evaluation phase.

****Note:** This Tenderer's price was the **Median** price.

Price Summary Content

A detailed commentary and summary of the Financial Risk Assessment is at Annex A.

Downer failed to make the required non-price attributes score of 600 and was therefore excluded from consideration during the price attributes phase.

Fulton Hogan Ltd's total contract price was assessed overall as an extreme high risk on account of their price being 28% (\$3.9M) higher than the current budget allowance. The company identified scope variations excluded in the RFP that were offset by a number of proposed innovations. Other pricing categories were inconsistent with other tendered prices.

PAE NZ Ltd's total contract price was assessed overall as a medium risk and is 3% (\$0.5M) higher than the current budget allowance. Their price is also the Median of all prices assessed. The margin they have identified as Profit at Risk is the lowest of all prices received and was assessed as a high risk.

Serco Sodexo's total contract price was assessed overall as a high risk and is 5% (\$0.7M) higher than the current budget allowance. Their total profit margin was significantly higher than all other prices received.

Spotless Services Ltd's total contract price was assessed overall as a low risk and is the lowest of all prices received at 5% (\$0.7M) lower than the current budget allowance. Their allowance for Transitioning onto site was significantly lower than other prices received. Their pricing submission also contained a number of savings initiatives, which are discussed later in this report.

Transfield Services Ltd's total contract price was assessed overall as a medium risk and is only 0.2% (\$0.02M) lower than the current budget allowance. Their pricing across the Asset Related Outcomes raised concerns when compared with other tender pricing. However, other pricing categories were consistent with other tender prices.

**Initial
Recommendation**

Upon completion of the tender evaluation it was agreed by the Evaluation Team that Spotless Services (NZ) Ltd would be submitted as an initial recommendation to the Project Sponsor for the preferred supplier for Facilities Maintenance and Management Services FM2767 Manawatu Hub and FM3065 Waiouru Museum.

It was determined and agreed as a result of a thorough evaluation process that the Spotless Services (NZ) Ltd submission provided the best fit and best overall value for money to NZDF.

Added Value

The Spotless Services Ltd tender submission provides a number of distinct opportunities to NZDF, as set out below:

- The Spotless Services Ltd total contract price provides a notable saving to NZDF on current budget allowances as was expected from regionalisation.
 - A further saving is offered by Spotless Services Ltd should NZDF accept a reduction in the bond value from \$5M down to \$1M. DSS Property Group consider a \$1M bond as still providing adequate assurance to NZDF in light of the new collaborative partnering approach to FM contracting, and that the service provider provides all operating procedures and plans to NZDF.
 - A proactive approach to innovations and efficiency improvements. Particularly in the use of new field technologies and data software systems which is envisaged to achieve savings in maintenance management through the life of the contract.
 - A significant number of other cost saving initiatives were offered. NZDF need to carefully consider these further cost savings initiatives to avoid any breach of probity, to distinguish the savings initiatives from being simple inducements and to establish the true merit of each initiative. Note that these were not factored into the evaluation Team's evaluations and were sidelined for further consideration by the appropriate authority.
 - A full asset verification, data collection and condition appraisal of all assets on all sites during the contract transition phase.
 - Spotless Services Ltd submitted an alternative proposal for the inclusion of the NZDF Wellington Hub in the Manawatu Hub. DSS Property Group position on this proposal is to put it to one side for later consideration.
-

Other Considerations

**Other
Considerations**

Army have requested that as part of negotiations with the preferred supplier that ownership of the Waiouru Camp Service Centre be discussed with a view to having ownership of the facility incorporated into the FM2767 Manawatu Hub FM contract, thereby resolving a legacy issue from the FM1060 contract.

Next Steps

Upon endorsement of the Evaluation Report by the Project Sponsor, the following steps will be taken:

- Communication with NZDF internal key stakeholders to provide a commentary on project progress, without revealing the identity of the preferred tenderer at this stage.
- Formulation of a negotiation strategy and scoping of items to be discussed with the preferred supplier.
- Negotiations and clarifications with the preferred supplier to enable a final recommendation to be taken to the Tenders Board.
- Preparation of the Tenders Board submission.
- Preliminary drafting of the contract document.
- Preliminary transition planning.

Recommendation

Recommendation

It is recommended that the Project Sponsor:

Notes. The Evaluation Team's initial recommendation that Spotless Services (NZ) Ltd is the preferred supplier for Facilities Maintenance and Management Services FM2767 Manawatu Hub and FM3065 Waiouru Museum for a five year term, and that this period may be extended for one consecutive additional term of five years at NZDF's sole discretion.

Notes. The estimated value of the contract is \$67M over a five year term, with a total estimated value of \$134M over a ten year term.

Notes. DSS Property Group is to conduct final clarifications and negotiations with the preferred supplier to enable a final recommendation to be taken to the NZDF Major Tenders Board via the DSS Tenders Board.

Notes. DSS Commercial Support to consider a reduction in the bond value from \$5M down to \$1M for the FM2767/FM3065 FM contracts.

Notes. DSS Commercial Support to advice on the probity of accepting various savings initiatives offered by the preferred supplier in their tender submission.

Notes. DSS Property Group to negotiate with the preferred supplier for ownership of the Waiouru Camp Service Centre facility to be incorporated into the FM2767 contract.

Notes. Any alternative proposals offered by the preferred supplier are put to one side for later consideration.

Released under the Official Information Act 1982

Signed By (Author):	
Signed:	
Name:	s. 9(2)(a)
Title:	Property Contracts Officer, Prop Gp, DSS
DtelN:	343 6014
Date:	Mar 11
Endorsed / Not Endorsed:	Endorsed / Not Endorsed
Signed:	
Name:	s. 9(2)(a)
Title:	Group Manager, Prop Gp, DSS
DtelN:	343 6001
Date:	
Signed:	
Name:	s. 9(2)(a)
Title:	Director DSS
DtelN:	343 6150
Date:	

ANNEX A
FM2767/FM3065 FINANCIAL RISK ASSESSMENT SUMMARY
DATED MAR 11

FM2767/FM3065 FINANCIAL RISK ASSESSMENT SUMMARY								
Respondent	Total Contract Price	Overheads	Profit Margin	Outcome Prices	Work Labour Rates	Other Charges	Transition Prices	Risk
Fulton Hogan Ltd	Extreme High Risk reflected by highest price tendered at variance of \$3.9M or 28% over current budget allowance. The Company's price includes lowest overhead but offset by highest transition costs based on 8 week project. The Company had identified scope variations excluded in the RFP that were offset by proposed innovations.	Lowest overhead tendered costs at \$0.3k or 2% of tendered contract price. Unlike the other submission the Company neglected to include any Site Office Overhead costs, the main reason for such a low submitted cost.	Overall profit margin at 6.5% is equal in comparison to two other tenders even though slightly under the expected profit range.	The analysis highlighted major variances in prices across all High Level and Asset Related Outcomes, where they were consistently higher than other tenders.	The tenderer has taken advantage to submit work rates which are 40% higher and not consistent with the other submissions.	The mark up of 10% is above the tenderers submitted profit margin of 6.5%. It is assumed the Company will seek to recover the lower profit margin through "On Request Work". The Plant & Equipment rates quoted were second highest against the other tenders.	Although they have the highest transition price at \$535k the Company has submitted an extensive breakdown of costs. However the transition period of 8 weeks is considered a medium risk due to the complexity and consolidation of the sites.	
PAE NZ Ltd	Medium Risk when full contract analysed. The Company had submitted the third highest total price at variance of \$0.5M or 3% above current budget allowance. They are the current service provider at Linton and assumed	The company had submitted the second highest overhead price at \$2.0m or 13.8% of total tendered price. As they are the current service provider at Linton it is assumed they have included known factors	They have proposed the lowest profit margin at 4.8% which is lower than the proposed mark up rate of 6%, as well as outside the expected profit range of 7.5% to 10.5%.	As current service provider at Linton as such expected prices to be within a reasonable variance. Analysis of prices shows this to be the case with reasonable variances across all Asset Related Outcomes.	Current service provider at Linton has taken advantage to include increases in rates, however overall rates remain lower than the other tenders.	Lowest percentage mark up at 6% indicating the Company may attempt to recover an extra percentage over and above the proposed profit margin of 4.8%. The Company failed to provide Plant & Equipment rates for	Although they have offered the second lowest price at \$207k and current service provider at Linton, the Company has proposed a transition period of 8 - 12 weeks is considered a low risk and	

Released under the Official Information Act 1982

	to have included known factors within their pricing. Their total contract price is the 'Median' of all prices assessed.	within their pricing. Therefore the Overhead costs are deemed both realistic and reasonable.				all the identified items.	reasonable given the nature and complexity of consolidation of the sites.	
Sercos Sodexo	High Risk when full contract price is analysed. The Company had submitted the second highest total contract price at variance of \$0.7M or 5% above current budget allowance.	Third highest overhead cost at \$1.3m or 8.9% of total contract price, the Company had included rental of Waiouru houses, (eg office furniture & fittings for the rental houses) unlike the other submissions. The Company had not shown any off set from collection of Waiouru Housing rentals from its proposed employees. The inclusion of housing rentals without the receipts is viewed as non-justifiable overhead cost.	The proposed profit margin of 11.5% is slightly above the high end of expected range and significantly higher than the other tenders.	Their pricing of High Level Outcomes is high compared to other tenders. The pricing of Asset Related Outcomes is very inconsistent when compared with other tenders.	Overall work rates are slightly up but are generally consistent with other tenders.	The Company has provided two mark up rates 10% for works between \$1,000 - \$10,000 and 15% for works up to \$1000 indicating at a proposed profit margin of 11%. The tenderer appears to be seeking to regain margin losses through increased 'On Request Work' that is under the \$1,000 mark. The Plant & Equipment rates quoted were the highest against the other tenders and considered unacceptable.	Although they have the third highest transition price at \$279k, the Company has proposed an unclear transition period.	
Spotless Services Ltd	Low Risk when full contract pricing is analysed. The Company had submitted the lowest total contract price at variance of \$0.7m or 5% under the current budget allowance.	Second lowest overhead cost at \$0.4k or 3.1% of total tendered contract price, also reflected by the low Site Office Overheads compared to the other tenders.	Overall profit margin at 6.4% is equal in comparison to two other tenders, even though it is slightly under the expected profit range.	Their pricing across all outcomes was considered to be reasonable and generally consistent with other tenders.	Overall work rates are slightly up but generally consistent with other tenders.	Second lowest percentage mark up at 8%, indicating the Company may attempt to recover an extra percentage over and above the proposed profit margin of 6.4%. The Plant & Equipment	The Company has submitted a transition period of 4 - 6 weeks which is considered a potential risk due to the nature and complexity in consolidation of the sites. The	

Released under the Official Information Act 1982

						rates quoted were considered reasonable against the other tenders.	potential risk is compounded by their transition price being significantly lower than all other tenders. However they provided a very well detailed transition plan with their submission.	
Transfield Services Ltd	Medium Risk following analysis of tendered prices. The company had submitted the fifth highest total contract price at variance of just \$22k below current budget allowance.	The company had submitted the highest overhead price at \$2.1m or 15.4% total contract price. As the current service provider at Waiouru and Ohakea it is assumed to have included known factors within FM 2767. Therefore the Overhead costs are deemed both realistic and reasonable.	Overall profit margin at 6.5% is equal in comparison to two other tenders even though slightly under the expected profit range.	Their pricing across the Asset Related Outcomes in a number of areas appeared under priced when compared to other tender pricing.	As the current service provider at Waiouru and Ohakea they have taken the opportunity to include increases in rates, with overall rates being second lowest in comparison with the other tenders.	The mark up of 11% is above the tenderers submitted profit margin of 6.5%. It is assumed the Company will seek to recover the lower profit margin through "On Request Work". The Plant & Equipment rates quoted were considered reasonable against the other tenders.	They have submitted the second highest transition price at \$317k and proposed a transition period of 4 - 6 weeks. As the current service provider they have indicated their intention to fully restructure its organisation and management within the region.	

Released under the Official Information Act 1982

New Zealand Defence Force
Defence Estate and Infrastructure
 Facilitates Maintenance Contracts

Delivery Partner



Site

Date

Monthly Performance Score

Overall Score

94.4%

Pass

Performance Scorecard											
KRA	KRA Weighting	KPI No.	KPI	Measure	Performance Bands	KPI Weighting	Frequency	KPI Raw Score	KPI Score	KPI Score (with multiplier applied)	KRA Score
1. Level of Service	57.5%	1.1	Delivery to Scheduled Maintenance Programme	Completion of scheduled routine maintenance programme plan Percentage routine maintenance activities (PRMA) completed within each Outcome Group in relation to planned as defined in the collaboratively developed annual SMPP	High ≥ 98% < 100% Pass ≥ 96% < 98% Low ≥ 94% < 96% Fail <94%	10.0%	Monthly	100%	High	10.0%	53.5%
		1.2	Quality (applies to SM, USM)	Compliance with contract outcome statement # and specification Monthly compliance checks, joint compliance checks, number of failed compliance checks	High 95% Pass 90% Low 85% Fail 80%	12.5%	Monthly	95%	High	12.5%	
		1.3	Reactive Work Response (applies to USM)	Site response times exceeded for USM Requests and Work Orders (unscheduled maintenance activities) Response times as per the contract specification for L1 - L5	High 95% Pass 90% Low 85% Fail 80%	5.0%	Monthly	90%	Pass	4.0%	

	1.4	Reactive Work Completion (applies to USM)	Site completion of USM Requests and Work Orders (unscheduled maintenance activities) Overdue jobs for the reporting month	High 95% Pass 90% Low 85% Fail 80%	5.0%	Monthly	95%	High	5.0%
	1.5	Planned Assigned Projects Delivery (applies to PMP)	Completion of planned maintenance projects to agreed programme plan Percentage planned maintenance projects activities (PMPA) completed in relation to planned as defined in the collaboratively developed annual PMP programme plan	High ≥ 90% < 100%+ Pass ≥ 80% < 90% Low ≥ 70% < 80% Fail <70%	10.0%	Monthly	100%	High	10.0%
	1.6	Invoice/Claims: Timeliness, Data Quality and Completeness	Data Quality and Completeness Accuracy and completeness of pre-invoicing data against the following fields: job category/description, date raised/issued/completed, floc, note to customer - fault and repair strategy, labour inputs and materials, total cost Claims Timeliness Number of days invoice/claim is late being tabled (invoices to be tabled within 60 days of job completion)	Data Quality and Completeness High 100% Pass 95% Low 90% Fail 85% Claims Timeliness High 100% Pass 95% Low 90% Fail 85%	15.0%	Monthly	95%	PASS	12.0%
2. Collaboration & Communication	2.1	Contract Administration	Administration aspects of the contract Timeliness of contract administration aspects and attendance and contribution at site meetings	High 100% Pass 95% Low 90% Fail 85%	11.5%	Monthly	100%	High	11.5%
	2.2	Collaborative Relationship Health	Level of collaboration between NZDF and Contractor teams Scored from 1-10 on the following areas: initiative, cooperative behaviour, understanding and conformance with the contract and processes, honesty/transparency,	High ≥ 70% Pass ≥ 60% Low ≥ 50% Fail < 50%	5.0%	Monthly	83%	High	5.0%
	16.5%								16.5%

			ownership of outcomes, timeliness								
	2.3	Stakeholder Confidence	Results from customer surveys	N/A	0.0%	Monthly	N/A	N/A	N/A		
3. Health, Safety and Environment	26.0%	3.1	Health and Safety Compliance Compliance and proactive Health and Safety management Weekly compliance checks, joint compliance check scores, close out of any non conformance within specified timeframe	High 100% Pass 80% Low 60% Fail 50%	8.0%	Monthly	80%	Pass	6.4%	24.4%	
		3.2	Health and Safety Performance	CHIPS Score in CHES	High 80% Pass 70% Low 60% Fail <60%	8.0%	Monthly	100%	High		8.0%
		3.3	Environmental Management and Compliance	Compliance with environmental management and compliance requirements Monthly compliance checks, joint compliance check scores, number of failed compliance checks	High 95% Pass 90% Low 85% Fail 80%	10.0%	Monthly	95%	High		10.0%
	100.0%					100.0%	Monthly performance score			94.4%	

Result	Multiplier
Fail	0.1
Low	0.5
Pass	0.8
High	1

Overall	Score
95%	High
80%	Pass
60%	Low
<60%	Fail