

The Government's 5 procurement principles: Plan and manage for great results – Give all suppliers a fair go – Get the right supplier - Get the best deal for everyone - including the planet – Play by the rules

## Version Release History

| Version                               | Author      | date       | Feedback/Changes  |
|---------------------------------------|-------------|------------|---|
| Procurement Plan Saudi AgriHub – v2.0 | Pete Cooper | 12/08/2013 | Amended to include NZTE feedback from 9/08/2013 meeting                 |
| Procurement Plan Saudi AgriHub – v2.0 | Pete Cooper | 14/08/2013 | Incorporated comments from NZTE (Haylon) and MEAT (Richard Leverington) |

## Procurement Plan for Consortium Lead and potential partners to establish an agribusiness hub in Saudi Arabia :

### Budget

Grant Funding of NZ\$6million.

The intent is that NZ\$5.5million funding will be transferred to NZTE based on the NZTE board's approval of the recommendations resulting from this tender.

### Project Team

| Role                        | Nominated Person   | Responsibilities  |
|-----------------------------|--|---|
| Project Sponsor             | Chris Seed, MFAT, Deputy Secretary   | Ensure the delivery of expectations set out in Cab Min (13) 4/7   |
| Business Owner              | Jonathan Austin, MFAT, Divisional Manager  | Ensure the indicative Business Case, Procurement Plan and supporting activity deliver to the expectations set out in Cab Min (13) 4/7 |
| Subject Matter Expert       | Alex Matheson, MFAT, Government Commercial Partnerships<br>Haydon Smith, NZTE, Lead, Global Agribusiness | Plan, manage and complete the activity necessary to deliver to the expectations set out in Cab Min (13) 4/7                           |
| Procurement Specialist      | Peter Cooper, MFAT Procurement Divisional Manager  | Provide specialist support as required  |
| Commercial/Financial Expert | Phil Goulin, MFAT Chief Financial Officer,<br>Richard Grant, NZTE Chief Financial Officer                | Ensure the validity and compliance of any finance related activity  |
| Legal Advisors              | s 9(2)(a) MFAT Office Solicitor  | Legal advice on procurement process and support on contract negotiations  |
|                             | s 9(2)(a) NZTE, Corporate Counsel  | NZTE's legal adviser and support on contract negotiations.  |
| Probity Auditor             | Richard Leverington, Divisional Manager AUR  | Ensure that process, activity and relationships involved in this project are appropriate from a probity perspective                   |

|                         |  |   |
|-------------------------|--|---|
| End User Representative | George Assaf, Al Khalaf Group  | Provide feedback and direction as necessary to ensure the expectations set out in Cap Min (13) 4/7 are met  |
| Independent Expert(s)   | NZTE is investigating the market to identify appropriately experienced independent and qualified expert(s) to join the EOI evaluation team | Assess the achievability and reasonableness of commitments made in EOI responses.<br>Support in structuring, facilitating steering the Competitive Dialogue process |

### Procurement Plan Approvals & Endorsements

| Role                            | Name   | Signature | Date |
|---------------------------------|--|-----------|------|
| Approver:                       | John Allen - Chief Executive, MFAT                 |           |      |
| Endorsed by:                    | Jonathan Austin - Divisional Manager MEA           |           |      |
| Probity                         | Richard Leverington, Divisional Manager AUR        |           |      |
| FIN Review                      | Phil Goulin, CFO, MFAT                             |           |      |
| Legal Review                    | S. 972(6-), MFAT                                   |           |      |
| PRO Review:                     | Peter Cooper - Divisional Manager, Procurement     |           |      |
| Developed in Consultation With: | Haylon Smith, NZTE                                 |           |      |
| Initiator:                      | Alex Matheson - Government Commercial Partnerships |           |      |

### Section 1 - Summary

#### Overview of Requirement

The Ministry of Foreign Affairs and Trade (MFAT), along with its partner agency New Zealand Trade and Enterprise, is seeking a lead provider/consortium to develop a demonstration sheep breeding farm and operation in New Zealand and Saudi Arabia, which form the basis of a sustainable agribusiness hub in Saudi Arabia.

The Government will provide up to six million dollars to be invested over the next two to three years to develop a research and development programme which will enhance the capability of the New Zealand and Saudi Arabian agricultural industries.

It is anticipated that the lead provider / consortium partners, will develop a demonstration breeding farm and operation in such a way that will showcase New Zealand agribusiness expertise and technologies to Saudi Arabia, and the wider Gulf Co-operation Council (GCC) region.

The value of NZ developed farming techniques, technology and equipment will be showcased on an existing Saudi Arabian sheep breeding unit owned by the Al Khalaf Group.

The intent is that the money will be used to develop or implement NZ agricultural technologies, techniques and equipment for the Saudi environment, and in such a way that future business opportunities may be developed.

#### Purpose

The purpose of this procurement process is to identify an organisation(s) with the suitable experience, credibility, capability, capacity and commitment to build and lead a consortium of agricultural businesses in establishing an agribusiness hub in Saudi Arabia.

The detailed scope of work, milestones, deliverables, reporting and management information requirements will be developed through a competitive dialogue<sup>1</sup> process.

The focus of the EOI is to identify an organisation or organisations with the capability, networks, commitment and capital to establish and maintain an agribusiness hub in Saudi Arabia that will promote and assist NZ firms interested in selling their services or equipment into the Gulf states, and potentially further afield. The agri-business hub will use an existing Saudi farming operation to showcase farming techniques, technology and equipment that can be delivered from New Zealand.

#### Budget and background

MFAT is leading the procurement activity as the investment opportunity has arisen as a result of Cabinet's Decision of 18 February 2013 (CAB Min (13) 4/7 refers).

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<sup>1</sup> Refer to accompanying MBIE guidance on the competitive dialogue process in a New Zealand context.

Cabinet noted the proposal to invest in a pilot agribusiness operation with Saudi Arabia, and agreed that there will be an investment in the operation of up to \$6million for the delivery of services by New Zealand agricultural service entities, and that the \$6million will be undertaken in strict conformity with government procurement requirements.

Cabinet also noted that the procurement and selection of New Zealand firms and services to participate in the food security partnership will be done with the agreement of the Saudi partners, MFAT, and NZTE, to ensure the consortium delivers against the expectations of each of these parties.

It is proposed that NZTE will undertake the eventual management of a consortium including payment to the selected consortium lead.

Once the scope of work, milestones, deliverables, reporting and management information requirements have been developed, within the framework of MFAT's Grant Funding agreement template, it is proposed that \$5.5 million be transferred to NZTE (NZTE has agreed, subject to the final Board agreement, to contribute \$500K to the project).

A draft business case was prepared and sent to the NZTE board. The NZTE Board noted the proposed process and the business case, and will review (and retain the right to decline) the preferred supplier/s proposal before approving its role in managing the contract. The Board also asked that an interagency group assist NZTE in its oversight of the milestones specified in the contract.

The Minister of Foreign Affairs has subsequently agreed that a private firm be contracted following an approved procurement process to work with the Al Khalaf Group to design and develop a New Zealand demonstration breeding farm and operation in Saudi Arabia, which will act as a showcase for New Zealand agribusiness and on-farm technology and knowhow.

#### Related Documents

| <u>Document Name (hyperlink)</u>        | <u>Relevance of document as background</u> |
|---|--|
| Cabinet Paper                           |  |
| Cabinet Minute                          |  |
| Study Tour Report – MFAT Formal Message |  |
| Indicative Business Case                |  |
| Initial MFAT/Al Khalaf Contract for     |  |

Service and exchange of letters  
between MFA and Hmood Al Khalaf

### **Procurement Process and overview of timetable**

The selection of a consortium lead will be undertaken via a competitive dialogue process that will start with posting an Expression of Interest on the Government Electronic Tenders Service.

The procurement process will entail the following steps (see page 8 of MBIE's Competitive Dialogue guide):

| <b>Activity</b>  | <b>Date</b>         | <b>Elapsed Business Days</b> |
|--|---------------------|------------------------------|
| EOI posted on GETs   | Mon. 19 August 2013 |                              |
| Supplier Briefing - Wellington   | Mon. 26 August      | 5 days                       |
| Deadline for Suppliers' questions (Clarification Period):  | Mon. 2 September    | 11 days                      |
| Deadline for the Buyer to answer questions:  | Thur. 5 September   | 14 days                      |
| Deadline for EOI Proposals (Closing Date):   | Thur. 12 September  | 18 days                      |
| Short listed Suppliers' presentations:   | Tue 24 September    | 26 days                      |
| Supplier/s selected & unsuccessful Suppliers notified:   | Fri 27 September    | 29 days                      |
| Establish the timetable and activity to be completed during the Competitive Dialogue process   | Wk of 30 September  |                              |
| Structured dialogue / Competitive Dialogue with short listed Supplier/s (Develop final scope of outputs, estimated budget, payment and reporting milestones, terms of the Funding Arrangement) | TBD                 |                              |
| Financial and any other necessary due diligence completed concurrently   |                     |                              |
| Request for final Proposals issued   | TBD                 |                              |
| Deadline for final Proposals (Closing Date):   | TBD                 |                              |
| Evaluate final Proposals   | TBD                 |                              |
| Possible Supplier/s Presentation/s   | TBD                 |                              |

|  |               |
|--|---------------|
| Supplier selected & unsuccessful Suppliers notified: | TBD           |
| Supplier debriefs:                                   | TBD           |
| Anticipated Agreement start date:                    | November 2013 |

Having shortlisted one or more potential providers through an Expression of Interest NZTE and MFAT will work with shortlisted provider/s to better define the services, outputs, deliverables, milestones, roles, responsibilities and reporting requirements that will be tied to the funding.

Final proposals will be evaluated based on the relative value for money, risks, potential benefits, and likely sustainability of the agribusiness hub as assessed by MFAT, NZTE and the Al Kahlaf Group.

#### Reason for the Selected Process

To ensure that the award of this work is as fair and transparent as possible it is appropriate to run an open tender. The first phase of the tender will be an EO1 followed by a Contestable Dialogue process with suitably qualified provider(s).

The competitive dialogue process is very useful for procurements where wants/needs are known, but it is not as clear how they can be met or what the market can offer. (Refer to the MBIE guidance on the benefits of a competitive dialogue process in the New Zealand context)

We will use the EO1 to invite, then shortlist qualifying suppliers to participate in the competitive dialogue process, which includes a structured dialogue phase. T

The structured dialogue phase allows agencies to work in one-on-one sessions with each supplier to develop possible solutions.

During the competitive dialogue process suppliers compete against each other to put together the best solution(s) and this creates a competitive tension that stimulates innovative ideas and better value for money.

The dialogue phase may result in a single solution or a different solution with each consortium. The Ministry can then finalise their specifications and make a comparative assessment of the proposals.

A well-managed competitive dialogue process will help build excellent working relationships and iron out potential problems before the contract is awarded.

Additional benefits include:

- Identifying potential consortium partners who may not have otherwise been familiar with each other.
- Identifying businesses who may have established links into agri-business in Saudi Arabia or other Gulf Co-operation Council states.

## Section 2 – Project Plan

### Contact Person

The Contact Person (CP) for suppliers during the Tender process is: Peter Cooper

### Evaluation Methodology

EOI responses will be evaluated against the criteria below.

| <b>Criteria to be used in selecting a consortium lead and prequalify potential consortium participants proposed in the EOI responses</b>   | <b>Weighting</b> |
|--|------------------|
| <b>Capacity and Credibility of the proposed consortium lead</b><br>Agribusiness/red-meat industry innovator, with proven capability to deliver and credibility in the New Zealand industry, and balance sheet to support on-going involvement in the agrihub.  | 20%              |
| <b>Capability and Commitment of proposed consortium lead</b><br>Demonstrated business relationships in offshore agribusiness, or successful offshore agri business operations preferably in the Middle East, and Saudi Arabia in particular, or climatically similar areas.                                    | 30%              |
| <b>Industry knowledge, and networks of Consortium lead</b><br>Proven ability to collaborate with value chain participants and contribute to a wider programme of work. Industry knowledge, and networks in the three key areas noted under the 'potential focus areas' section of the EOI part 2 Requirements. | 30%              |
| <b>Proposed Methodology</b><br>Proposed project plan, governance structure, milestones, performance measures, response to Draft Contract and risk management processes.  | 20%              |
| <b>Total</b>   | <b>100%</b>      |

Evaluation Panel

| Role                                 | Name  |
|--------------------------------------|---|
| Chair Person (Not Voting)            | Peter Cooper – Procurement Division Manager   |
| Evaluation Panel Members             | Alex Matheson, MFAT<br>Haylon Smith, NZTE<br>Technical Expert, TBC  |
| Financial Evaluator                  | Phil Goulin, MFAT (Competitive Dialogue phase)  |
| Legal Advisor for evaluation process | s 9(2)(a), MFAT   |
| Probity Auditor                      | Richard Leverington, MFAT   |
| Procurement Specialist               | Peter Cooper, MFAT  |
| End User x                           | George Assaf, Al Khalaf Group   |
| Contract responses                   | s 9(2)(a) NZTE<br>s 9(2)(c) MFAT  |
| Independent Expert(s)                | NZTE is investigating the market to identify appropriately experienced independent and qualified expert(s) to join the EOI evaluation team<br><br>Assess the achievability and reasonableness of commitments made in EOI responses.<br><br>Support in structuring, facilitating steering the Competitive Dialogue process |

### Terms and Conditions of EOI

The EOI terms and conditions have been based on the Ministry of Economic Development's and Employment's All of Government Request for Proposal terms and conditions.

### Terms and Conditions of Grant Funding Agreement

NZTE will review MFAT's standard Grant Funding Agreement and utilise it as the basis on which to contract. The proposed agreement will be included with the EOI when it issued.

**Timetable**

| Task  | Responsible | Due Date     | ✓                                   |
|---|-------------|--------------|-------------------------------------|
| 1. Draft Specification  | Initiator   |              | <input checked="" type="checkbox"/> |
| 2. Decide if supplier briefings, reference checks and interviews are required.      | Initiator   | July         | <input checked="" type="checkbox"/> |
| 3. Draft Evaluation criteria and weightings   | Initiator   | July         | <input checked="" type="checkbox"/> |
| 4. Approve Evaluation Criteria (Alex and Haydon)                                    | Eval. Panel | July         | <input checked="" type="checkbox"/> |
| 5. Draft RFX document (call for Tenders)  | Initiator   | July         | <input checked="" type="checkbox"/> |
| 6. Peer review RFX  | Panel       | July         | <input checked="" type="checkbox"/> |
| 7. Approve RFX (Ready for Publishing)   | PRO         | Wk of 12 Aug | <input checked="" type="checkbox"/> |
| 8. Obtain nominations for and independent expert for the Evaluation Panel from NZTE | Initiator   | August       |                                     |
| 9. Confirm each panel member accepts nomination                                     | Initiator   | August       |                                     |
| 10. Schedule key dates and obtain Panel member confirmations                        | Initiator   | August       |                                     |
| 11. Obtain Conflict of Interest Declarations and Confidentiality Agreements         | Initiator   | August       |                                     |
| 12. Establish Risk Register   | Initiator   | July         |                                     |

| Task  | Responsible            | Due Date     | ✓ |
|---|------------------------|--------------|---|
| 1. Publish RFX on GETS  | Initiator              | Wk of 12 Aug |   |
| 2. Publish tender elsewhere. Notify potential tenderers                               | Initiator              | NA           |   |
| 3. Log and Respond to manage supplier queries (Post questions on GETS if appropriate) | Evaluation Panel Chair | 5 September  |   |
| 4. Prepare Panel Instructions   | Initiator              | August       |   |
| 5. Tender Closes  | Evaluation Panel Chair | 12 September |   |

| Task  | Responsible            | Due Date     | <input checked="" type="checkbox"/> |
|---|------------------------|--------------|-------------------------------------|
| 1. Log RFX received                         | Evaluation Panel Chair | 12 September |                                     |
| 2. Send <u>emails</u> confirming receipt    | Evaluation Panel Chair | 12 September |                                     |
| 3. Prepare and send papers to Panel members | Evaluation Panel Chair | 12 September |                                     |

Evaluation Panel

| Task   | Responsible            | Due Date        | <input checked="" type="checkbox"/> |
|--|------------------------|-----------------|-------------------------------------|
| 1. Convene Evaluation Panel                      | Initiator              | Wk of 16 Sept   |                                     |
| 2. Supplier presentations                        | Evaluation Panel Chair | 24 September    |                                     |
| 3. <u>Complete evaluation</u>                    | Panel                  | Wk of 1 October |                                     |
| 4. <u>Complete Due Diligence</u>                 | Panel                  | 2 weeks or more |                                     |
| 5. Complete Panel Minutes/Report/Recommendations | Initiator              | Wk of 1 October |                                     |
| 6. Update Probity File                           | Initiator              | Wk of 1 October |                                     |
| 7. Submit Recommendation for Approval            | Initiator              | Wk of 1 October |                                     |
| 8. EOI shortlisting Recommendation endorsed.     | PRO                    | Wk of 1 October |                                     |

| Task  | Responsible            | Due Date        | <input checked="" type="checkbox"/> |
|---|------------------------|-----------------|-------------------------------------|
| 1. Advise Preferred Supplier(s)   | Evaluation Panel Chair | Wk of 1 October |                                     |
| 2. Organise Workshops / Negotiations  | Evaluation Panel Chair | Wk of 1 October |                                     |
| 3. Develop parameters for the Competitive Dialogue process. Select Team and assign roles.                               | Panel                  | From 12 Sept    |                                     |
| 4. Undertake Structured meetings with potential Consortium leads and key consortium partners as appropriated            | Initiator              | From 1 October  |                                     |
| 5. <b>Finalise details of the Grant Funding Agreement Prepare contract for signing</b><br>(PRO, NZTE Legal Must review) | Initiator              | TBD             |                                     |

| Task   | Responsible     | Due Date        | <input checked="" type="checkbox"/> |
|--|-----------------|-----------------|-------------------------------------|
| 6. Sign Agreement and advise unsuccessful suppliers  | Initiator/CP    | TBD             |                                     |
| <b>7. Agreement Start date</b>                       | Initiator       | 1 November 2013 |                                     |
| 8. Debrief unsuccessful suppliers                    | Initiator       | TBD             |                                     |
| 9. Assemble and complete Probity File for the Tender | Probity Auditor | TBD             |                                     |

| Task   | Responsible      | Due Date        | <input checked="" type="checkbox"/> |
|--|------------------|-----------------|-------------------------------------|
| <b>1. NZTE Board Approval</b>                              | NZTE             | 1 November 2013 |                                     |
| 2. Assign Agreement manager                                | Initiator        | 1 November 2013 |                                     |
| 3. Establish Agreement management plan                     | Initiator        | 1 November 2013 |                                     |
| 4. Handover to Agreement to Manager to implement contract. | Initiator        | 1 November 2013 |                                     |
| <b>5. Assign contract manager</b>                          | NZTE             | 1 November 2013 |                                     |
| 6. Implement the Agreement                                 | Contract Manager | 1 November 2013 |                                     |
| 7. Monitor and manage performance & costs                  | Contract Manager | 1 November 2013 |                                     |

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Procurement Plan For Goods & Services Over \$ 30k

The Government's 5 procurement principles: Plan and manage for great results -- Give all suppliers a fair go -- Get the right supplier - Get the best deal for everyone - including the planet -- Play by the rules

## Risk Register

Consequence 1=Low, 2=Moderate, 3=High

Likelihood 1=Unlikely, 2=Possible, 3=Likely

### Risk Title

### Mitigation

| Risk Description  |   | Consequence | Likelihood | Net Risk score |
|---|---|-------------|------------|----------------|
| EOI process may not be transparent, auditable and fair to all responders. | If the EOI process is not transparent or auditable then it will be seen as unfair or objected to by unsuccessful providers which may reflect badly on MFAT  | High        | unlikely   | 3              |
| Market Interest   | If appropriate qualified and experienced providers are not registered with GETs they may not be made aware of the opportunity and we may not respond to the EOI   | High        | Likely     | 6              |
| Political undermining   | If opposition politicians choose to try and embarrass the Government on the basis that the proposed \$6mill investment is not appropriate MFAT and the Government may have to deal with negative media coverage which could damage NZ's relationship with Saudi | moderate    | unlikely   | 3              |

The Government's Five Procurement Principles: 1. Plan and manage for great results. 2. Give all suppliers a fair go

3. Get the right supplier. 4. Get the best deal for everyone - including the planet. 5. Play by the rules.

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|                             |  |   |     |     |   |
|-----------------------------|--|---|-----|-----|---|
| NZ focus of<br>EOI          | If the NZTE board is unwilling to undertake the project on behalf of MFAT  | The Evaluation criteria related to knowledge, networks and credibility in the NZ market will not preclude foreign owned NZ trading entities from tendering and being evaluated on fair and equitable basis. | Low | Low | 2 |
| NZTE<br><br>Saudi interests | Given the Saudi interests are not going to be directly involved in the Competitive Dialogue process there is a risk that the specialist areas of investment that are agreed may not be aligned to the areas the Saudi interests have prioritized | MFAT will need to stay well connected with the Al Khatib group to ensure the competitive dialogue process develops proposals that are attractive to the Saudi interests.                                    | Low | Low | 2 |

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Procurement Plan for Goods or Services Over \$100K

The Government's 5 procurement principles: Plan and manage for great results — Give all suppliers a fair go — Get the right supplier - Get the best deal for everyone - including the planet — Play by the rules

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OFFICIAL INFORMATION ACT

The Government's Five Procurement Principles: 1. Plan and manage for great results. 2. Give all suppliers a fair go  
3. Get the right supplier. 4. Get the best deal for everyone - including the planet. 5. Play by the rules.

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## Summary of Selection Process Milestones

| Activity   | Date   |
|--|--|
| EOI posted on GETs   | Mon. 19 August 2013  |
| Supplier Briefing - Wellington   | Mon. 26 August   |
| Deadline for Suppliers' questions (Clarification Period):  | Mon. 2 September   |
| Deadline for the Buyer to answer questions:  | Thur. 5 September  |
| Deadline for EOI Proposals (Closing Date):   | Thur. 12 September   |
| Supplier/s selected & unsuccessful Suppliers notified:   | Fri 27 September   |
| Short listed Suppliers' presentations:   | Wed 9 October  |
| Structured dialogue / Competitive Dialogue with short listed Supplier/s (Develop final scope of outputs, estimated budget, payment and reporting milestones, terms of the Funding Arrangement) | Brownrigg Agriculture selected as preferred provider on basis of their written response and presentation |
| Financial and any other necessary due diligence completed concurrently   |  |
| Supplier debrief: s 9(2)(a)  | Fri 18 October   |
| Anticipated Agreement start date:  | November 2013  |

# Tendering Filing & Probity Checklist

## Who and when?

Procurement process manager should complete this form as an audit reference in high risk projects.

|                         |                |
|-------------------------|----------------|
| <b>Project:</b>         | Saudi AgriHub  |
| <b>Project Manager:</b> | Alex Matheson  |
| <b>Project Sponsor:</b> | Chris Seed     |
| <b>Date:</b>            | 5 October 2013 |

## Filing locations and checklist

### Activity

#### Procurement Plan (Simple or Detailed) or Business Case.

Include risk assessment, evaluation methodology and criteria, an assessment of the alternative ways of resourcing the solution (e.g. contractor versus employee, level of management internally or externally);

A proposed approach to calculating and tracking savings; potential efficiencies that may be delivered over time; clear ownership for managing the supplier relationship and contract.

### Document name / reference / GDM Link

Cab Min (14) 417 – Saudi Arabia Food Security Partnership, 18 February 2013

Saudi food security partnership: technical visit, 9-16 April 2013  
Briefing Paper – Minister of Foreign Affairs

Al Khalaf Group – NZ/Saudi Food Security Partnership., 10 July 2013 Recommendations to Minister Foreign Affairs

Saudi Arabia Food Security Partnership - Cabinet Paper Min of Foreign Affairs, 13 February 2013

Indicative Business Case, Final Draft 13 August 2013

Procurement Plan 14 August 2013

### Conflict of Interest Declarations

Haylon Smith, NZTE

Alex Matheson, MFAT

Peter Cooper, MFAT

s 9 (2) (a) - Independent Expert. Score for s 9 (2) (a) Proposal not used due to associations with s 9 (2) (a). Averaged assessments of s 9 (2) (a) proposal completed by other evaluators. Chris's evaluation compared. All consistent.

### Tender document (EOI/RFP/RFT).

Expression of Interest – Ref 39954,

### Supplier Briefing – Non Disclosure Agreements

s 9 (2) (a)

Evidence of how tenderers were selected or notified, for example, printout from GETS, file note or explanation of supplier selection in the Business Case and/or Procurement Plan.

Pre and Post presentation evaluations graphed.

Evaluation minutes and report

Brownrigg verbal refs x 3

**Activity**

**Questions of clarification and the responses** (both through GETS and direct to the tenderer) – including evidence (eg email advice from GETS) as to when the information was issued/released. (Printed copy of excel coms log. Refer to the PRO Templates Section) – filed.

File note approving the **screening out of any tenders for general non-compliance**, and copy of notification sent to the supplier.

**Questions of clarification** (issued as part of the evaluation process)

**Team evaluation sheets.**

**Reference checks.**

**Tender Evaluation and Recommendation** memo/report. (Signed copy)

**Miscellaneous Project Correspondence** relevant to the process, decision making and potential future audit review.

Correspondence relating to **contract negotiations.**

**Signed Contract Fit for Execution**

**Implementation, communications and contract Management Plans**

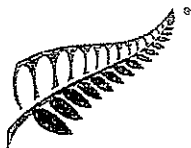
**Document name / reference / GDM Link**

Tenders Communication log – Questions and answers

Supplier Presentation briefing notes

Collated individual responses graphed. Original individual electronic copies in GDM

Draft as at 5/11 included. Signed by Haydon, <sup>s 9(2)(a)</sup>  
<sup>s 9(2)(b)(i)</sup> Peter Cooper. Awaiting Alex Matheson and Jonathan Austin <sup>s 9(2)(c)</sup>



NEW ZEALAND  
FOREIGN AFFAIRS & TRADE



New Zealand Ministry of  
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24 September 2013

Mr Graeme Leversha  
Managing Director  
Laurium Asset Management

59(2)(a)  
AUCKLAND 1149

Dear Mr Leversha

**AGRIBUSINESS HUB: SAUDI ARABIA**

I am in receipt of your letter of 15 September.

This Ministry acknowledges the interest of various organisations and individuals in developing trade links with Saudi Arabia and the GCC over recent years. Since your earlier involvement in 2012, there have been separate government to government level discussions, which have led to the Agribusiness Hub Request for expressions of interest.

We are obliged to run that process in a transparent and objective way. From that, the government will work with successful respondents on design and implementation of the Hub.

The Ministry is satisfied that no intellectual property or confidential information belonging to Agricultural Estates or Laurium Asset Management has been used to develop that Request for expressions of interest. Responses from those interested in taking this important development forward will be assessed on merit based on the criteria in the Request.

Yours sincerely

John Allen

Secretary of Foreign Affairs and Trade

15<sup>th</sup> September 2013

Mr John Allen  
Chief Executive Officer  
Ministry of Foreign Affairs & Trade  
Wellington, New Zealand

Dear John Allen

**Agribusiness Lead to Establish Saudi Agribusiness Hub**

This letter is a request for you to explain certain matters

Laurium Asset Management, Agricultural Estates and our partners have serious concerns regarding the matter of sensitive commercial information being used in the formation of the above tender.

**Background:**

During the period September 2010 to December 2012 Laurium Asset Management, Agricultural Estates and our partners designed, negotiated, and formed a consortium of organisations to help the development of Awass's business in New Zealand, Saudi Arabia and other countries. This was designed as a mechanism to help Saudi Arabia with its animal husbandry (sheep). The wider plan was designed to help secure the Saudis approval to proceed with the GCC/NZ FTA.

At all stages we informed MFAT of our actions. We had meetings with Ministers Tim Groser, Murray McCully and other parties. During a March 2012 visit to New Zealand by Hmood Al Khalaf and George Assaf, we coordinated meetings with Murray McCully in both Wellington and Auckland to discuss the above matters. Murray McCully constantly called into our meetings with our guests to get updates.

Following those meetings your Ministry insisted that we would be contacted when a person responsible for the Saudi relationship was appointed. No contact has been made.

For any avoidance of doubt I have attached a letter which outlines clearly the roles of some of the parties.

Laurium Asset Management

Private Equity

Infrastructure

Agricultural Commodities

59(2)(a)

[www.lauriumasset.com](http://www.lauriumasset.com)

We now find a tender process requesting participants to form a consortium and implement exactly what we had designed 17 months prior. Furthermore, many of those parties listed in the tender process are our partners.

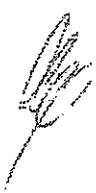
Our concerns are:

1. Commercial IP relating to confidential documents and conversations has found its way to your Ministry and has been used as the basis for the tender.
2. Discussions with our partners and other parties has uncovered a very negative and factually incorrect attitude towards Agricultural Estates and Laurium Asset Management.

We and our partners have put a considerable amount of effort and resource into developing a series of relationships and the Saudi Agribusiness hub concept. We are not happy that this effort seems to have been used for political gain without any communication with ourselves.

Laurium Asset Management, Agricultural Estates and our partners are very disappointed and somewhat surprised that we find ourselves in the current situation. We offer you the opportunity to fully explain the actions of MFAT and NZTE in forming the tender and other related matters.

Yours sincerely

  
Graeme Leversha  
Managing Director  
Laurium Asset Management

Copy:  
Hon Jim Groser, Minister of Trade c/-  
Hon Steven Joyce, Minister for Economic Development (NZTE)  
Peter Cooper, Divisional Manager, MFAT

Private Equity

Laurium Asset Management

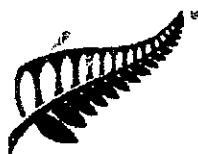
Infrastructure

Agricultural Commodities

59(2)(a)

www.lauriumasset.com

12 Sept 3



**NEW ZEALAND**  
FOREIGN AFFAIRS & TRADE

# Expression of Interest

## Section A: Profile of organisation

### 1. Supplier's contact person for this EOI

|  |                   |                                     |    |
|--|-------------------|-------------------------------------|----|
| Contact person:                                | David Brownrigg   |                                     |    |
| Position:                                      | Managing Director |                                     |    |
| Phone number:                                  | s 9 (2) (a)       |                                     |    |
| Mobile number:                                 | s 9 (2) (a)       |                                     |    |
| Email address:                                 | s 9 (2) (a)       |                                     |    |
| Is the contact person authorised to negotiate? | Yes               | <input checked="" type="checkbox"/> | No |

### 2. Supplier's organisational profile

|                                |   |
|--------------------------------|---|
| Full legal name:               | Brownrigg Agriculture Group Limited                   |
| Trading name: (if different)   | As above  |
| Name of parent company:        | As above  |
| Physical address:              | Farming House, 211 Market Street South, Hastings 4122 |
| Postal address:                | Farming House, PO Box 1142, Hastings 4156             |
| Company website:               | www.brownrigg.co.nz                                   |
| Location of head office:       | Hastings  |
| Type of entity (legal status): | NZ Limited Company                                    |
| Company registration #:        | 2120112   |
| Country of residence:          | New Zealand   |
| GST registration number:       | 099-497-564   |

## Section B: Referees

| Referee #1                 |                 |
|----------------------------|-----------------|
| Name of organisation:      | s 9 (2) (b) (4) |
| Name of referee:           | s 9 (2) (b) (4) |
| Relevance of this referee: | s 9 (2) (b) (4) |
| Address:                   | s 9 (2) (b) (4) |
| Telephone:                 | s 9 (2) (b) (4) |
| Email:                     | s 9 (2) (b) (4) |
| Goods / Services provided: | s 9 (2) (b) (4) |
| Dates when provided:       | s 9 (2) (b) (4) |
| Key personnel              | s 9 (2) (b) (4) |

| Referee #2                 |               |
|----------------------------|---------------|
| Name of organisation:      | s 9 (2) (b a) |
| Relevance of this referee: | s 9 (2) (b a) |
| Name of referee:           | s 9 (2) (b a) |
| Address:                   | s 9 (2) (b a) |
| Telephone:                 | s 9 (2) (b a) |
| Email:                     | s 9 (2) (b a) |
| Goods / Services provided: | s 9 (2) (b a) |
| Dates when provided:       | s 9 (2) (b a) |
| Key personnel              | s 9 (2) (b a) |

| Referee #3                 |               |
|----------------------------|---------------|
| Name of organisation:      | s 9 (2) (b a) |
| Relevance of this referee: | s 9 (2) (b a) |
| Name of referee:           | s 9 (2) (b a) |
| Address:                   | s 9 (2) (b a) |
| Telephone:                 | s 9 (2) (b a) |
| Email:                     | s 9 (2) (b a) |
| Goods / Services provided: | s 9 (2) (b a) |
| Dates when provided:       | s 9 (2) (b a) |
| Key personnel              | s 9 (2) (b a) |

## Section C: Response to EOI

### Capacity and Credibility of the Supplier (as Lead Provider)

| Criteria  | Supplier's Response |
|---|---------------------|
| <p>Succinctly explain and provide evidence of your credibility and success as a business in the New Zealand agricultural sector</p> | <p>59(2)(b)(i)</p>  |

Provide evidence that you have sufficient economic scale and expertise to be selected as the consortium lead responsible for managing this project

What attributes / experience would make you a good lead for the consortium or companies required to deliver the expectations set out in this EO?

Discuss relationships or interests that you have with the proposed consortium partners.

BA has a shareholding in On-Farm Research Ltd, the preferred genetics and sheep and beef breeding research provider to the consortium. The company has no other financial interest in any of the potential consortium partners or subcontractors.

|   |   |
|---|---|
| <p>Declare any actual, potential or perceived Conflicts of Interest you believe you may have in regard to the tender.</p> | <p>There are no actual, potential, or perceived conflicts of interest known to BA in submitting this EOI.</p> |
|---|---|

#### Capability and Commitment of the Supplier (as Lead Provider)

|   |  |
|---|--|
| <p>Note the names and responsibilities of staff you would nominate to deliver the outcomes set out in this EOI. – Append brief CVs for nominated staff.</p> | <p><b>David Brownrigg</b> (Managing Director Brownrigg Agriculture) – Project Leader and Governance Board Member</p> <p>(Executive Director, Brownrigg Agriculture – Governance Board Member</p> <p>(Brownrigg Agriculture) – Financial Management</p> <p>(Brownrigg Agriculture) – Livestock Systems Manager</p> <p>(Brownrigg Agriculture) – Livestock Supply Manager)</p> <p>(Brownrigg Agriculture) – Agronomist</p> <p>(Brownrigg Agriculture) – Operations Manager, Farms</p> <p>(Independent Contractor) Project Manager, linkages with NZTE, and coordination with sub-contractors and NZ product suppliers</p> <p>(On-Farm Research). Responsible for designing and managing the overall research and breeding programmes in both New Zealand and Saudi Arabia</p> <p>(Independent Contractor) – Implementing the research and breeding programmes in Saudi Arabia, training key staff on the demonstration farm.</p> <p>(Lowe Corporation) Abattoir design/processing technology</p> <p>Brief CVs are included in the Project Plan for key project team members.</p> |
|---|--|

|   |   |
|---|---|
| <p>Explain what offshore agribusiness interests you have currently and in which countries</p> | <p>BA have established strategic alliances to develop key offshore markets, those of significant scale include:</p> <ul style="list-style-type: none"> <li>• In Japan</li> <li>• Also in Japan,</li> <li>• Similarly in Korea,</li> <li>• In Northern China,</li> </ul> |
|---|---|

Describe the level, type and location of investment you have committed to develop offshore agribusiness.

BA has invested in and continues to commit significant expenditure to establishing strong strategic alliances with key partners in major and developing markets, including frequent visits by key staff to key markets each year.

Investment within New Zealand to support the development of offshore business includes:

s 9 (2) (b) (ii)

Would you anticipate making any additional investment beyond the New Zealand Government investment to ensure the demonstration farm and operations effectively establish a successful GCC agribusiness hub? What level of investment are you contemplating?

s 9 (2) (b) (ii)

What are the on-going opportunities for you and your proposed partners that will result from this project?

s 9 (2) (b) (i)

|  |  |
|--|--|
| How do you see this project benefiting other New Zealand firms not directly involved in delivery of the project? | <p>New Zealand's profile and reputation as a supplier of expertise, technology, equipment, and farming capability will be enhanced significantly in the region, enabling non-participating businesses to benefit both directly and indirectly from the promotional benefits of the demonstration farm.</p> <p>New Zealand's credibility as a supplier of sheep and cattle to international markets will also be enhanced, enabling others involved in farming, processing and the supply chain to benefit.</p> |
|--|--|

#### Industry knowledge, and networks of the Supplier (as Lead Provider)

##### Animal Performance and Management

|   |  |
|---|--|
| Company Name  | s 9 (2) (b) (ii)   |
| Nature of relationship                                | Sub-contractor   |
| Capability to assist in the delivery of the programme | <p>have the in-house skills to run progeny tests, advise on genetic programmes and develop forage programmes in Saudi.</p> <p>s 9 (2) (b) (ii)</p>   |
| Company Name  | s 9 (2) (b) (ii)   |
| Nature of relationship                                | Sub-contractor   |
| Capability to assist in the delivery of the programme | <p>have skills in stock procurement to complement those within Brownrigg Agriculture. They will also be able to assist with forage seed requirements</p> <p>s 9 (2) (b) (ii)</p>   |
| Company Name  | <p>Multiple other New Zealand specialist technology and service businesses</p> <p>le Other specialist providers will be identified and contracted into the project following completion of Milestone 1. Specialist providers are expected to include but are not limited to s 9 (2) (b) (ii)</p> |

| Technology and Equipment                              |  |
|---|--|
| Company Name  | s 9(2)(b)(i)   |
| Nature of relationship                                | Sub-contractor   |
| Areas of expertise                                    | Processing plant design, build, equipment supply, plant management, and quality assurance systems.   |
| Capability to assist in the delivery of the programme | s 9(2)(b)(ii)  |
| Company Name  | s 9(2)(b)(i)   |
| Nature of relationship                                | Sub-contractor   |
| Areas of expertise                                    | Provider of processing technology – hook and horn cutters, siding saws etc   |
| Capability to assist in the delivery of the programme | As one of New Zealand's leading suppliers of meat processing equipment and technology, s 9(2)(b)(i) are expected to be a key contributor to the establishment of a state of the art abattoir on site.                            |
| Company Name  | s 9(2)(b)(i)   |
| Nature of relationship                                | Sub-contractor   |
| Areas of expertise                                    | Provider of electronic tagging systems   |
| Capability to assist in the delivery of the programme | As New Zealand's leading supplier of animal ear tags, s 9(2)(b)(i) products in conjunction with automated reading, recording, weighing and drafting facilities will be central to technology utilised on the demonstration farm. |
| Company Name  | s 9(2)(b)(i)   |
| Nature of relationship                                | Sub-contractor   |
| Areas of expertise                                    | Provider of weighing and automatic drafting facilities   |
| Capability to assist in the delivery of the programme | Key provider of technology and equipment to be utilised on the demonstration farm  |

| Management and Marketing                              |  |
|---|--|
| Company Name  | Project Coordinator  |
| Nature of relationship                                | Contractor   |
| Areas of expertise                                    | Project Management and Marketing   |
| Capability to assist in the delivery of the programme | Manage the establishment phase and maintenance of the Saudi facility, and ensure the promotional opportunities for New Zealand technology utilised within the demonstration farm are maximised. Specialist marketing expertise will be contracted where and if required. |

| Methodology   |   |
|---|---|
| What Project Management / Governance /reporting arrangements would you suggest?   | A separate company is proposed to administer this project. The project team will report quarterly to a board consisting of David Brownrigg, Bryan Inch, (Executive Director Brownrigg Agriculture) and a representative of NZTE or MFAT.  |
| Append an indicative high level plan indicating what you believe may be useful milestones in terms of completing activities or deliverables | A project plan is attached along with suggested milestones for Year 1 and indicative budgets  |
| What project and risk management processes would you suggest be implemented?  | <p>The project team will report quarterly to the Governance Board, reporting against firm activity plans, and firm financial budgets established within Milestone 1. All variations to programme plans and budgets will require the approval of the Governance Board.</p> <p>Once final plans and budgets have been established within Milestone 1, a risk register will be prepared and reviewed quarterly at Governance Board Meetings.</p> |
| How would you provide assurance that you and the consortium partners are delivering value for money?  | The board will sub-contract services from a range of providers, agreeing in advance with each contractor the cost and deliverables.   |
| How do you propose incentivising consortium partners?   | BA as the lead provider will take responsibility for all project deliverables. Other companies will be contracted in to the consortium to provide specific deliverables against agreed fees. BA is incentivised by the potential to develop a future chilled and frozen market in the region for their farming operations, consequently has every incentive to complete the project successfully and effectively.                             |
| How would you suggest your performance is managed and by extension the performance of your consortium partners?                             | Performance of all contributors to the project will be monitored against agreed milestones and budgets on a quarterly basis by the Governance Team which includes a representative of either NZTE or MFAT.  |

Refer to section 6 –  
Proposed Funding  
Agreement

The proposed Funding Agreement sets out NZTE's minimum requirements in terms of the level of commercial detail and standard terms and conditions that will form part of any final contract with the successful Supplier. These minimum requirements will be expanded on to reflect the final project design.

Each Supplier is asked to confirm its full acceptance of the terms of the proposed Funding Agreement, as the minimum terms of any future relationship arising out of this procurement.

If the Supplier does not confirm full acceptance of the proposed terms, the Supplier must, on a clause by clause basis:

- (a) Identify and explain why the relevant terms have not been accepted; and
- (b) Set out the Supplier's proposed amendments.

59(2)(b)(iii)

### Supplier's Check List

Make sure you include everything that is asked for in this EOI. Use this check list when finalising your Response.

| Things to be included with your Response | Schedule 3 | Electronic copy required |
|--|------------|--------------------------|
| 1. Profile of organisation               | Section A  | ✓                        |
| 2. Referees                              | Section B  | ✓                        |
| 3. Response to EOI                       | Section C  | ✓                        |
| 4. Supplier's Declaration                | Section D  | ✓                        |

## Section D: Supplier's Declaration

Each Supplier / Lead Provider is required to complete the following Declaration..

### Supplier's Declaration

| Topic                              | Requirement  | Supplier's declaration |
|------------------------------------|--|------------------------|
| EOI response:                      | The Supplier has prepared this Proposal independently to supply the goods/services.  | agree                  |
| EOI terms and conditions:          | The Supplier has read and fully understands this EOI, and the EOI Conditions, and agrees to be bound by them.  | agree                  |
| Collection of further information: | <p>The Supplier authorises the Buyer to:</p> <ul style="list-style-type: none"> <li>a. collect any information about the Supplier and proposed consortium partners, except commercially sensitive pricing information, from any relevant third party, including a referee, or previous or existing client</li> <li>b. use such information in the evaluation of the Response.</li> </ul> <p>The Supplier agrees that all such information will be confidential to the Buyer.</p> | agree                  |
| Proposed Funding Agreement:        | The Supplier has read and fully understands and accepts the Proposed Funding Agreement. If successful, the Supplier agrees to sign a contract based on these terms and conditions.   | agree                  |
| Conflict of Interest:              | <p>The Supplier warrants that it has no actual, potential or perceived conflict of interest in submitting this Response, or entering into a contract to deliver the Requirements. Where a conflict of interest arises during the procurement process the Supplier will report it immediately to the Buyer's Contact Person.</p> <p>Any actual, potential or perceived Conflicts of Interest are to be documented and submitted as part of the EOI Response</p>                   | agree                  |
| Ethics:                            | <p>In submitting this Response the Supplier warrants the following:</p> <ul style="list-style-type: none"> <li>a. It has not entered into any improper, illegal, collusive or anti-competitive arrangements with any Competitor or parties currently or potentially involved in this project</li> <li>b. Its Response has not been prepared with</li> </ul>  | agree                  |

consultation, communication, arrangement or understanding with any Competitor (other than potential consortium partners nominated in the Response)

- c. directly or indirectly approached any representative of the Buyer to lobby or solicit information in relation to the EOI (other than the Buyer's nominated Contact Person)
- d. has not attempted to influence, or provide any form of personal inducement, reward or benefit to any representative of the Buyer.

|                               |   |       |
|-------------------------------|---|-------|
| <b>Offer Validity Period:</b> | The Supplier confirms that this Response remains open for acceptance for a period of 6 from the Closing Date. This is called the Offer Validity Period. | agree |
|-------------------------------|---|-------|

|                     |   |       |
|---------------------|---|-------|
| <b>Declaration:</b> | The Supplier declares that in preparing this Response it: | agree |
|---------------------|---|-------|

- a. has provided complete and accurate information in all parts of the Response, in all material respects
- b. has secured all appropriate authorisations to submit this Response and is not aware of any impediments as to its ability to enter into a formal contract to deliver the Requirements.

The Supplier understands that should it be successful in being awarded a contract with the Buyer then the falsification of information, supplying misleading information or the suppression of material information in relation to this EOI will be grounds for termination of the contract.

If, in completing this Declaration, you fail to indicate 'agree' or 'disagree' against any of the above statements you will be deemed to agree with each of these statements.

#### DECLARATION

This Response has been approved and is signed by a representative of the Supplier who has the authority to do so. This representative is named below.

This representative declares that the particulars provided above and in the attached Response documents are accurate, true and correct.

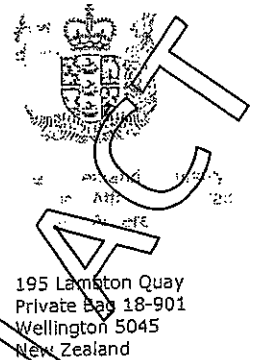
Signature: 

Full name: David Brownrigg

Title / position: Managing Director, Brownrigg Agriculture Group Limited

Date: 12<sup>th</sup> September, 2013

UNCLASSIFIED



5 September 2013

Lyn Provost  
Controller and Auditor-General  
Office of the Auditor-General  
P O Box 3928  
Wellington 6140

Dear Lyn

**SAUDI ARABIA FOOD SECURITY PARTNERSHIP**

Thank you for your letter of 20 August in which you highlight three issues for my attention.

You are concerned to ensure that the Auditor-General's role is understood and that as an independent audit agency your office cannot participate in the execution and management of the contract as directed by Cabinet. I assure you that we do understand that your office needs to maintain its independence and that will limit your office's input.

Secondly, you note doubts as to the legality of the sheep exporting arrangements. I assure you that no arrangements will be put in place that do not comply with legislation.

Finally you advise that the Indicative Business Case provided an inadequate level of information to evaluate viability and risk. I acknowledge these concerns and that is the reason that we decided to seek further input from subject matter experts at this stage of the project. It is my expectation that more clarity in the areas you have raised will be provided during the current Procurement Phase and before the Final Business case is submitted for approval. As agreed the Ministry will provide your office with the near Final Business Case for your review and I would value any observations or comments you have on that document.

Again, thank you for bringing your concerns to my attention. I would like to assure you that those issues will be addressed satisfactorily prior to any final decision to proceed.

Yours sincerely

John Allen  
Secretary of Foreign Affairs and Trade

FINA-12-75

UNCLASSIFIED

21 August 2013

Secretary of Foreign Affairs and Trade

## AL KHALAF PARTNERSHIP: MEETING WITH AUDITOR-GENERAL

### Objectives for meeting:

- Acknowledge the role of OCAG during this project, and that the Cabinet Minute does not adequately reflect the Office's independence from the Executive.
- Assure that the exportation of breeding stock is legal, subject to relevant protocols being concluded between New Zealand and the relevant competent authority in the importing country.
- Acknowledge the areas that have been identified in MFAT's internal Indicative Business Case by OCAG staff that would benefit from added clarity and explanation, and note that prior to the contract being finalised the final Business Case will provide more clarity in these areas.
- Explain that the unique nature of this "diplomatic settlement" and the risks and opportunities it presents, has required MFAT and NZTE to work together closely to ensure that a robust plan and procurement process is developed, and that going to subject matter experts for assistance in developing the detailed proposal and implementation plan is a necessary step at this stage.

### OCAG's letter:

The Controller and Auditor-General's letter of 20 August 2013 raises three principal concerns:

1. A concern about the extent to which OCAG can participate in this work.

The instruction to involve OCAG came from Cabinet. It was not at MFAT's suggestion. OCAG was going to raise this with the Cabinet Office. It appears they have not done so.

2. Doubts about the legality of live sheep exports.

As has been explained to OCAG, this is primarily a matter for MPI. There is no legal prohibition on the export of animals for breeding. A bilateral zoosanitary protocol is required. One with Saudi Arabia is close to completion. It is possible that the partnership may not in fact end up involving live sheep exports.

3. Concern about the adequacy of MFAT's internal business case.

This business case is unusual in that we are seeking to implement a decision already made by Cabinet based on a diplomatic settlement with our Saudi partner (i.e. the decision to procure is not based on an internal business need). It served to flesh out that Cabinet decision based on the report of a study visit and the Minister's agreement that we should seek to procure a consortia to manage implementation. The business case was followed by a procurement plan based on our assessment that a market-led approach, involving a competitive dialogue between potential suppliers, would be the most effective means of implementation.

The issues raised by the OCAG (risks, benefits, financials) have been picked up in the procurement plan. They will need to be further fleshed out in the contracting phase. Our view is

that there was little value in elaborating the points raised by OCAG until we knew what it was that we would actually be procuring. The NZTE board and The Treasury were also consulted. They were comfortable with this approach, with NZTE reserving its decision to participate until it knew the nature of the deal.

**Process from here:**

MFAT's procurement plan has now been finalised, and the Expression of Interest documentation and a draft Funding Agreement were published on GETS on 19 August.

These documents have been subject to intensive discussion/negotiation between the relevant players in NZTE and MFAT – all the while ensuring that the Saudi partners are comfortable with the process and what is being sought from the market. Drafts were sent to Treasury and OCAG for their information.

As of 27 August, there have been 164 views, of the documents, and 69 downloads from the GETS system.

A supplier briefing was held at MFAT on 27 August with 9 firms in attendance, along with MFAT and NZTE procurement and project staff, and MFAT's internal auditor.

Expressions of Interest close on 12 September, at which point the competitive dialogue process will begin (MBIE provided comment in the Indicative Business Case, which informed the procurement strategy).

A preferred lead provider will be selected, with discussions on the detailed plan and milestones leading to signed contract/funding agreement.

The final Business Case will largely comprise the information contained in the Indicative Business Case, and incorporating information from the detailed plan that we/NZTE end up contracting for. We are seeking expert input and advice on this business case prior to its finalisation. We believe this will address OCAG's concerns. We will certainly be keeping them informed and offering further opportunities for comment.

Alex Matheson, Special Envoy Government-Commercial Partnerships  
Phil Goulin, Chief Financial Officer  
Peter Cooper, Head of Procurement  
Jonathan Austin, Divisional Manager MEA

28 August 2013

## **Agribusiness hub Supplier Briefing – Q&A**

### **Monday, 26 August 13**

---

#### **Why have you chosen to partner with the Saudi interests on this project?**

- The Saudi interests have a 25-year investment history in New Zealand, and are therefore well placed to understand the benefits of a New Zealand partnership. They have also shown their genuine interest in the innovative science and technology currently being produced within New Zealand, and their ability to champion New Zealand products within their local market. As a large farming and livestock business, they are also a significant player heavily involved in the Kingdom's food security ambitions, and these connections will be an advantage to their New Zealand partners while navigating the unique trading conditions in Saudi Arabia.

#### **What do you expect from the chosen supplier in terms of on-going investment?**

While we are only looking to contract for the initial partnership project, we are interested in suppliers who have an appetite for on-going investment, involvement or expansion within the region. The Saudi partners are looking for a sustainable partnership with New Zealand firms, and ideally the successful consortium will use this relationship, and the support of MFAT and NZTE, to leverage additional growth within both the Saudi market and the Middle East region more generally. Food Security is an increasingly important topic in the region, and this has positive implications for on-going agribusiness initiatives.

#### **How do you anticipate the \$6 million will be spent?**

The outcomes we are seeking, and the investment focus areas are outlined in the Expression of Interest document. Proposals may spread the funding across one (or several) initiatives. It can cover both capital and operational components.

#### **Who will retain ownership of the agribusiness hub once the project is completed?**

The Saudi partners have offered the partnership access to an existing working farm outside the port city of Dammam as a key site for the breeding farm and operation, and showcase of New Zealand agricultural technologies. They are already investing substantially in the proposed breeding operation both in New Zealand and Saudi Arabia. As part of the partnership, any equipment or programmes agreed within the scope of the contract will be retained by the Saudi partners. Any equipment or programmes provided outside of the contract can be negotiated on normal commercial terms.

**Is there any scope within this project to become involved in Saudi Arabian property investments in other countries eg Africa?**

This is outside the scope of this project. There is certainly an opportunity, however, for New Zealand companies to use their involvement in this agribusiness hub to inform or leverage future operations within the region.

Food security is an issue of growing concern both within Saudi Arabia and the region more broadly, so there are wide ranging opportunities for post-project expansion for the successful consortium.

**Can you give us more details about the anticipated timeframes on this project?**

We anticipate that project will be well underway within the first year, and that majority of the contracted milestones will be completed within 24 months. However, timeframes for the delivery of this project will be dictated by the nature of the programme developed, including the amount of time allocated for any showcase to operate. Milestones will be established by negotiation during the Competitive Dialogue process.

**Do you anticipate the Lead on this project to take a Project Management role, or also deliver some (or all) of the substantive programme?**

We are open to discussing either approach during the Competitive Dialogue process, and at this stage there are no restrictions on the potential makeup of the consortium. The criteria for selecting the lead provider are outlined in the Expression of Interest document.

**What type of expertise and workforce are already available in the region?**

Labour is readily available in this sector, and existing programmes in the region have focused on training the local workforce in the use of sustainable farming techniques. The Saudi partners are a family run operation. Challenges for the selected supplier will include potential language barriers, as well having the people capability to deliver at least a portion of the project from within Saudi Arabia. The successful lead will need to be sensitive towards existing farming expertise in Saudi Arabia, as the partners are highly experienced in local farming conditions, and are seeking a collaborative and innovative partnership with New Zealand agribusiness.

**Has a breeding protocol been finalised between New Zealand and Saudi Arabia yet?**

The relevant Ministries in New Zealand and Saudi Arabia are currently discussing the necessary documentation and approvals for this to occur.



20 August 2013

File Ref: ENIGVT-0007

John Allen  
Secretary of Foreign Affairs and Trade  
Ministry of Foreign Affairs and Trade  
Private Bag 18901  
Wellington 6160



DS APEX seed  
Alex Matheson (MEA)  
Jonathan Austin (MEA)  
Phil Goulin (FIN).

Dear John

**SAUDI ARABIA FOOD SECURITY PARTNERSHIP**

Since March this year, my Office has been receiving information from the Ministry of Foreign Affairs and Trade (the Ministry) about the Saudi Arabia Food Security Partnership proposals. My staff have held discussions with the Ministry, expressed our preliminary views on the proposals, and carried out some work on the appropriation.

With the information received so far, I consider it now an appropriate time for me to convey to you my views and concerns regarding the proposals, including the business case and the nature of my role in this matter:

1. In our view, the Indicative Business Case document we were given (*Investing in a NZ demonstration breeding farm in Saudi Arabia*, draft 17 June 2013) provided an inadequate level of information to evaluate viability and risk.
2. We had doubts as to whether the legality of the sheep exporting arrangement had been demonstrated, although Ministry staff have assured us that the arrangement will meet the necessary legal requirements.
3. There is also an apparent lack of understanding of the extent to which we can participate in this work. We are an independent audit agency and cannot participate in, "the execution and management of the contract", as directed by the Cabinet minute (CAB Min (13) 4/7).

On the latter point, it is important that we clarify our role and the work the Office of the Auditor-General (OAG) has undertaken regarding the Food Security Partnership matters:

To date, the OAG has:

- carried out work to confirm whether the \$4 million provided for the food security platform was within the Vote Foreign Affairs appropriation for *Policy Advice and Representation – Other Countries*. We concluded that the \$4 million spend was within the scope of the appropriation, and the timing of the payment did not create any appropriation issues from our controller function perspective; and
- aimed to provide useful feedback, within the bounds of possibility given my Office's limited role in this matter, to Ministry staff (Alex Matheson and Phil Goulin) about the Indicative Business Case for the remaining \$6 million expenditure.

As the following are operational decision functions of the Ministry, we cannot provide:

- Input into the design, execution, management, or monitoring of any activities involving the \$6 million set aside for Saudi Arabia Food Security Partnership;
- Advice on the merits or legality of the Indicative Business Case or ensuing contract; or
- Approval or endorsement of the arrangements and activities associated with the Saudi Arabia Food Security Partnership.

My staff have conveyed several of our observations and concerns to Alex and Phil, based on the Indicative Business Case document (17 June 2013), for which some questions were answered but several remained outstanding:

1. We consider the financial case, as set out in the 17 June 2013 document, to be weak. In our view, there was insufficient information on the financial benefits accruing. We were told that there remained many unknowns about the potential earnings proposition.
2. As already stated, we considered there was insufficient information to give an assurance about the legality of the sheep export activity. The Ministry assured us that it would rely on the Ministry for Primary Industries' advice on this matter. Obviously compliance with the law is important for any public entity.
3. Other matters discussed include the general lack of explicit assumptions underpinning the business case, the protection of intellectual property, the sheep export strategy (and whether this would be a one-off relocation of breeding stock or a continuing activity), and the financial sustainability of the agricultural hub.

As such, we found the Indicative Business Case raised more questions for us than answers. Ministry staff told us that several of these questions could not be answered at the time, but that the proposal would proceed and more detail would be provided during negotiations and in the terms of the draft contract between the Ministries in New Zealand and Saudi Arabia. We have not seen a revised version of the Indicative Business Case, but have been told that the 17 June 2013 version will not change significantly, as it is no longer needed as a decision-making tool.

Alex Matheson told my staff (on 16 July) that the NZTE board had responded favourably to the original draft Indicative Business Case, although we understand that NZTE has not yet committed to the proposal. We have more recently (26 July) been told that some of the information gaps in the draft Indicative Business Case we discussed are to be picked up in the procurement and contracting phase of the project. We would have expected a more full explanation of the business proposals, risks, and benefits at the initial decision-making phase.

Ministry staff told us in the 26 July email that, "Any mention of the role of the OCAG in this project has been amended to reflect the precise wording of the Cabinet decision." I wish to emphasise that any references to my Office made by the Ministry should accurately reflect the limitation of my Office's input which, you will note, was overstated in the Cabinet minute.

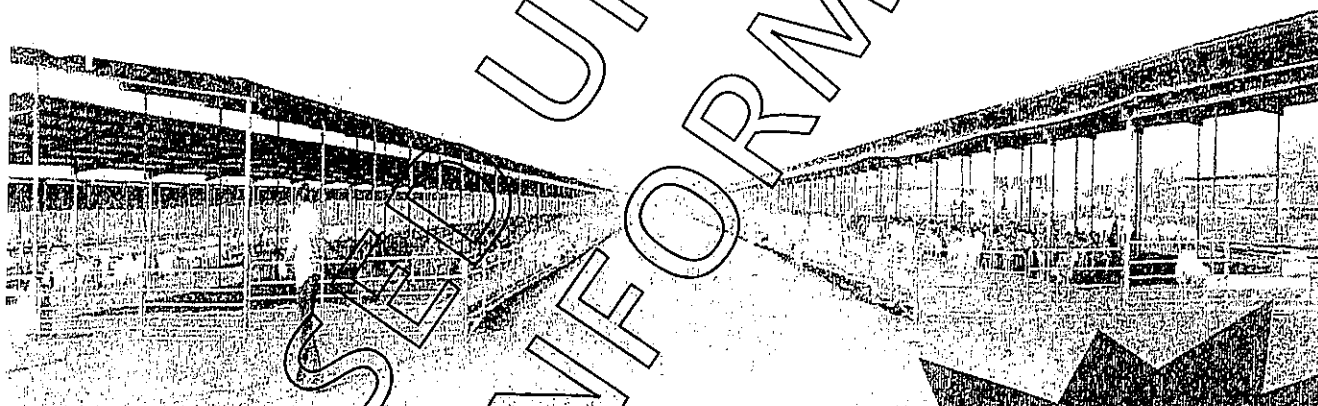
I am happy to meet and discuss this further, if you wish.

Yours sincerely

Lyn Provost  
Controller and Auditor-General

## Part 1- Notice of Procurement

An overview of our Expression of Interest  
Seeking an agribusiness consortium lead  
and proposed partners



This RFP will be issued  
the week of 19 August  
2013

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### *What we need...*

An organisation with  
the capability to identify  
and lead a consortium  
to establish an agri-  
business hub between  
New Zealand and Saudi  
Arabia



Ministry of Foreign Affairs and Trade

The Ministry of Foreign Affairs and Trade (MFAT), along with its partner agency New Zealand Trade and Enterprise (NZTE), is seeking a **lead provider and indicative consortium** to develop an agribusiness hub around a demonstration sheep breeding farm and operation in Saudi Arabia. MFAT is managing and responsible for the tender process. It is anticipated that the successful respondent will contract with and work with NZTE to complete the agreed programme of work.

It is proposed that the Government will provide up to six million dollars (plus GST) through NZTE for a lead provider to engage and manage consortium partners to develop a demonstration breeding farm and operation. The farming operation encompasses breeding, feeding through to processing design and technologies. The farm and operation are intended to operate in a way that will showcase New Zealand agribusiness expertise and technologies to Saudi Arabia, and the wider Gulf Co-operation Council (GCC) region.

What's important to us:

How we will evaluate proposals

We are seeking responses from firms that have the capability, capacity and commitment to use this opportunity to establish an agribusiness hub for New Zealand firms in Saudi Arabia.

We are looking for the successful respondent to have the following attributes:

### 1. Capacity and Credibility

Agribusiness/red meat industry innovator, with proven capability to deliver and credibility in the New Zealand industry, and balance sheet to support on-going involvement in the agrihub.

### 2. Capability and Commitment

Demonstrated business relationships in offshore agribusiness, or successful offshore agri business operations preferably in the Middle East, and Saudi Arabia in particular, or climatically similar areas.

### 3. Industry knowledge and networks

Proven ability to collaborate with value chain participants and contribute to a wider programme of work. Industry knowledge, and networks in the following areas:

- *Animal Performance and Management* (animal selection, husbandry, welfare, performance, genetics, Infrastructure development (i.e. feedlots), nutrition programmes)
- *Agriculture Technologies and Equipment* (eg. ear tags/EID tags, tag readers, scanners and scales, processing design and technologies)
- *Management and Marketing* (planning and project management, farm management, people development, farmer selection and contracting, marketing and branding)

### 4. A robust methodology, including commercials

Proposed project plan, governance structure, milestones, performance measures, project , pricing (value for money), and risk management processes.

Why should you bid?

- You need to have participated in this EOI in order to be given the opportunity to be selected as a potential the consortium lead (Lead Provider) for the next phase of the procurement process,
- The next phase of the procurement process will be a competitive dialogue phase<sup>1</sup> involving a series of structured workshops during which MFAT and agricultural businesses shortlisted as potential lead providers, will work together to better define requirements, the services, outputs, deliverables, milestones, roles, responsibilities and reporting requirements that will be tied to the funding
- This is a unique opportunity to establish a sustainable business presence in a rapidly developing market.

What should you do next?

- Review the rest of this document.
- Ask any questions you have about the process or our requirements.
- Provide us with a completed Supplier Response and Declaration by the due date.
- We'll then assess all compliant bids and shortlist suppliers to proceed through to the dialogue phase.
- The next phase in the selection process beyond the EOI will be a **Competitive Dialogue process**. This process will enable us to go into formal talks with shortlisted Consortium lead(s), and their key consortium partners, in a competitive environment with no pre-determined specifications to limit innovation. The Competitive Dialogue process will be run in accordance with the accompanying Ministry of Economic Development and Employment (MBIE) guidance on 'How Competitive Dialogues works in New Zealand')

EOI Issued

16 August 2013

Issued by

Ministry of Foreign Affairs and Trade

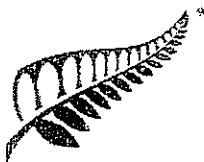
Contact person

Peter Cooper, Divisional Manager

Response due

3.00pm Thurs. 12 September 2013

<sup>1</sup> Refer to the accompanying MBIE guidance on 'How Competitive Dialogue works in New Zealand'

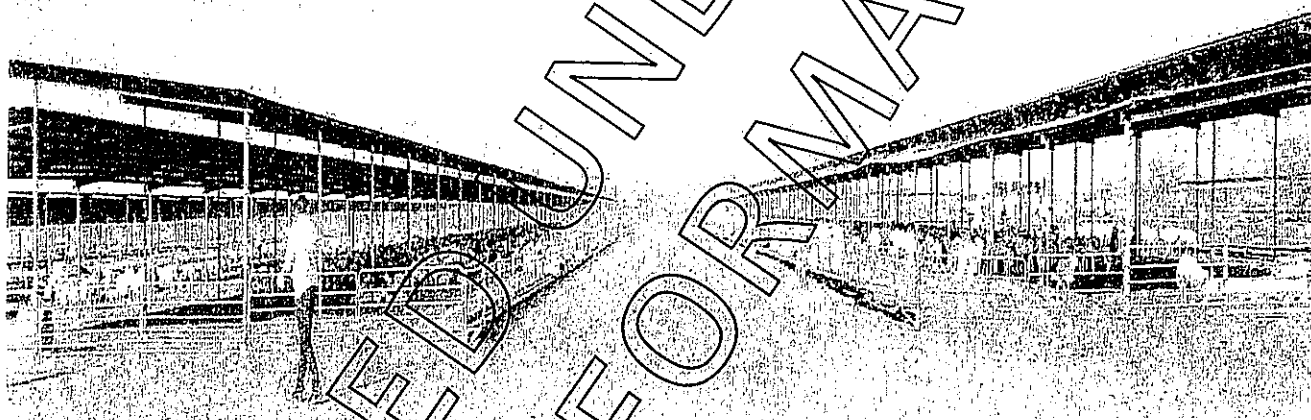


NEW ZEALAND  
FOREIGN AFFAIRS & TRADE

# Expression of Interest - Part 2

## Our Requirements:

Seeking an agribusiness consortium lead  
and proposed partners



## What's inside?

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| 6. Proposed Funding Agreement  | Appended     |
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| 8. Guidance: 'How Competitive Dialogue Works in the New Zealand Environment' | Accompanying |

This EOI is due to  
close 3.00pm  
Thurs. 12 September  
2013

# 1. Next steps

If, having read our Expression of Interest (EOI), you are interested in submitting a Response this document sets out the next steps in the process.

## Understand our Requirements

Make sure you fully read this document and the Instructions to Suppliers & EOI Conditions before starting to prepare your response. In particular develop a strong understanding of our Requirements and how your Response will be evaluated. If anything is unclear or you have any questions then ask us to explain. Email our Contact Person.

## Our process

This is a contestable and competitive two stage tender. It is anticipated that the second stage will take the form of a Competitive Dialogue, which will be run in accordance with the Ministry of Business Innovation and Technology's draft guidance on 'How Competitive Dialogue Works in the New Zealand Environment'<sup>1</sup>. We have set out a step-by-step process for Suppliers to follow as well as some rules. The process is described at a high level in Section 3.

Make sure you follow our process and abide by the rules. Remember, it is important when preparing your Response to use the Supplier Response Form and complete the Supplier Declaration. Having done the work don't be late – you must get your Response to us before the Closing Date.

## Changes to our process

If we need to change anything about this process or want to provide suppliers with additional information we will let all Suppliers know by placing a notice on the Government Electronic Tenders Service (GETS) at [www.gets.govt.nz](http://www.gets.govt.nz). If you downloaded this EOI (either Part 1 or Part 2) from GETS you will automatically be sent notifications of any changes.

## Our Contact Person

Please direct all enquiries to our Contact Person. You must not attempt to gain information from any other member of our staff.

**Peter Cooper** Divisional Manager - Procurement

Telephone: 64 (04) 439 7149

Email: [peter.cooper@mfat.govt.nz](mailto:peter.cooper@mfat.govt.nz)

## Our email address for Responses

Responses must be submitted by email to [procurement@mfat.govt.nz](mailto:procurement@mfat.govt.nz) and as a single file in PDF format (or in a format compatible with Microsoft Office). Total size of the required

<sup>1</sup> Refer to accompanying guidance - 'How Competitive Dialogue Works in the New Zealand Environment'

document and your email must be under 5 megabytes (MB). Any email exceeding the 5MB limit will not be accepted by our mail server and will be rejected.

**Please note:** Responses sent by post or fax will not be accepted.

### Our Indicative Timeline

The following information sets out our process and Indicative Timeline.

|                               |   |                        |         |
|-------------------------------|---|------------------------|---------|
| Expression of Interest        | EOI posted on GETs  | 19 August 2013         | Elapsed |
|                               | Confirm intent to attend Supplier briefing – (Confirm intent to attend procurement@MFAT.govt.nz)  | 22 August              | 4 days  |
|                               | Lead Provider Supplier Briefing – 2:00pm-4:00pm, Wellington, lvl 12 HSBC, 195 Lambton Quay.   | 26 August              | 5 days  |
|                               | Deadline for Suppliers' questions (Clarification Period)  | 2 September            | 11 days |
|                               | Deadline for the Buyer to answer questions:   | 5 September            | 14 days |
|                               | Deadline for EOI Responses (Closing Date):  | 3.00pm<br>12 September | 18 days |
|                               | Shortlisted Suppliers' presentations:   | 24 September           | 26 days |
|                               | Supplier/s selected & unsuccessful Suppliers notified:  | 27 September           | 29 days |
|                               | Establish the timetable and activity to be completed during the Competitive Dialogue process  | 27 September           |         |
|                               | Structured dialogue / Competitive Dialogue with shortlisted Supplier/s (Develop final scope of outputs, estimated budget, payment and reporting milestones, terms of the Funding Agreement) | TBD                    |         |
| Competitive Dialogue          | Financial and any other necessary due diligence completed concurrently  |                        |         |
|                               | Request for final Proposals issued  | TBD                    |         |
|                               | Deadline for final Proposals (Closing Date):  | TBD                    |         |
|                               | Evaluate final Proposals presented in the form of the Funding Agreement with any necessary supporting documentation   | TBD                    |         |
|                               | Possible Supplier/s Presentation/s  | TBD                    |         |
| Assessment of final Proposals | Supplier selected & unsuccessful Suppliers notified:  | TBD                    |         |
|                               | Supplier debriefs:  | TBD                    |         |

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Anticipated Agreement start date:

November 2013

**Please note:** All times are New Zealand time. We reserve the right to alter the timeline, if required.

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RELEASED UNDER THE  
OFFICIAL INFORMATION ACT

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## The rules

This Expression of Interest is subject to the Instructions to Suppliers and EOI Conditions set out in this document.

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## Interpreting this EOI

Words starting with capital letters can have special meaning. The Instructions to Suppliers and EOI Conditions contains definitions for words and expressions that have special meanings.

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## Tools

Here are some tools that can be found at [procurement.govt.nz](http://procurement.govt.nz) that may help you in preparing your Response.

- [How Competitive Dialogue Works in New Zealand](#)
  - [Top tips for tendering](#)
  - [A guide to Supplying New Zealand Government](#)
  - [Procurement Jargon Buster](#)
  - [Guide to Suppliers Debrief](#)
  - [How to feedback and complain](#)
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