Request for Proposal

Evaluation services – Air New Zealand Underwrite

**Evaluation services are required for:**

1. **Financial and contract review**
2. **Economic, social and environmental review**

Proposals accepted for one or both parts

Reference No. 151621

Date of Release: 14 December 2015

Ministry of Finance and Economic Management,

Treasury Management Division



Version No. 3

## Glossary and Definitions

|  |  |
| --- | --- |
| Term | Explanation |

|  |  |
| --- | --- |
| RFP | Request for Proposal |
| Proposal Management Team | The team that is responsible for the management of this Proposal, including the evaluation and administrative functions |
| Evaluation Committee | The group of people within the Proposal Management Team that will evaluate this Proposal |
| Manual | The Cook Islands Government Sale and Purchase of Goods and Services Policy  |

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### Summary of Requirement

Through this RFP, the Ministry of Finance and Economic Management (MFEM) wishes to ensure delivery of an important component of its 2015/16 business plan. This RFP is for securing Evaluation services to the MFEM, Treasury Management Division (TMD), for an evaluation of the underwritten agreements relating to direct air services from Los Angeles and Sydney.

###

### Submission of Proposal/Offer

Proposals shall be submitted in two complete hard copies, packaged and labelled “CONFIDENTIAL” and have the following information clearly exhibited on the outside:

* Name of the Crown agency responsible for the RFP.
* Name of the Contact Officer and contact details (see below).
* Name of proposer, contact person and contact details.
* Title of Proposal and Reference No.

Proposers may submit proposals for one, or all services as specified in Appendix B.

Proposals must be placed in the Tender Box and submitted in the form specified in Appendix A by the due date. Failure to do so will result in the proposal being disqualified.

**OR**

**Softcopy**: By emailing the tender bid as a pdf file to **tenders@cookislands.gov.ck** with the subject line Evaluation of Underwrite Services 2015/16. Tenders must be received to the inbox of tenders@cookislands.gov.ck in the form specified in Appendix A by the due date. Failure to do so will result in the tender being disqualified. The receipt time on the inbox will be used as the receipt time for the purposes of ensuring a tender is within the time limits.

Proposals should be addressed to:

Ministry of Finance and Economic Management (MFEM), Treasury Management Division

Underwrite Evaluation Team *Address: PO Box 120*

*Avarua, Rarotonga*

*Cook Islands*

Or electronically to:

### tenders@cookislands.gov.ck

## Proposals Closing Time

Proposals close at **3:00 pm on Friday 22 January 2016**. The Tender Box is located at **TMD** **reception**.

The bidder is responsible for ensuring that the proposal is placed in the Tender Box by the closing time, or is received at the email address outlined above (if submitted electronically).

**Late proposals will not be accepted.**

### Contact Officer

Negotiations will not be permitted between the Evaluation Team and any prospective proposer during the advertising period. However, prospective proposers may seek clarification of the proposal documents prior to submitting their proposals. Any enquiries in relation to this proposal should be directed to the Contact Officer identified below. Proposers should note that to ensure no disadvantage to any proposers, responses to questions pertaining to this RFP will be shared with all other proposers. However, where MFEM considers that the competitive advantage of individual Proposers may be compromised by distribution of responses to requests for information and/or clarification to all Proposers, MFEM reserves the right to issue a response only to that Proposer.

Any enquiries in relation to this proposal should be directed to the Contact Officer at the address given below.

Name of Person: **Tristan Metcalfe**
Title: **Economic Analyst**
Address: **PO Box 120**
Phone: **+682 29511**
E-mail: **tristan.metcalfe@cookislands.gov.ck**

##

## Selection Process

All proposals deposited in the Tender Box or received by email by the Closing Time will be considered. Proposals submitted in the form specified in Appendix A to this RFP will then proceed to the evaluation stage.

Evaluation of the responses to this RFP will be in accordance with the Evaluation Criteria described in Appendix C. Failure to comply with the Standard Conditions will result in immediate exclusion from the Evaluation process.

##

## Notification of Acceptance

Proposals shall remain open for acceptance and shall not be withdrawn for a period of sixty (60) working days from the Closing Date of the proposal. Unsuccessful proposers shall be notified in writing by the Principal or their representative within 10 working days of acceptance of the successful proposer.

If no proposer is accepted by the Principal within twenty (20) working days after the Closing Date, each proposer will be notified in writing by the Principal or their representative whether their proposal is still under consideration or is no longer being considered.

The Evaluation Team reserves the right to contact referees and/or customers regarding the performance of the proposer as it may pertain to this RFP.

The Principal shall not be bound to accept the lowest priced proposal or the highest scored proposal or any proposal.

The proposer must confirm their acceptance of the terms of the contract for services attached at Appendix D. If the proposer is unable to agree to any clause, it must set out in a table form the clause reference, reason why the proposer cannot accept it and proposed alternative wording.

The successful proposer will be notified by the Tender Evaluation Committee in writing on a date yet to be confirmed, but within sixty (60) working days of the tender box opening.

## Probity

No gifts or entertainment of any nature will be permitted between any parties involved throughout the proposal process, including: proposers or potential proposers, evaluation team members, the Head of Ministry, or any other member or organisation that may have an involvement with any aspect of the proposal process.

##

## Confidentiality

Drawings, Specifications, Schedules and written technical information supplied to Proposers shall not be used for purposes other than the preparation of a Proposal without the approval of the Principal.

Information submitted by a Proposer shall be regarded as confidential and shall not be disclosed to a third party except with the prior written agreement of the Proposer.

##

## Statement of Requirement(s)

TMD requires the services of a suitably qualified individual/consulting company to manage two parts of a project as specified in Appendix B.

## Conditions of Proposing

The Standard Conditions, or the Standard Terms of Proposals as they are referred to in Step 5 of the Manual are the **Mandatory Criteria** applying to this Proposal. Any offer that does not meet the terms specified in the Standard Conditions below is **non‑conforming** and will not be evaluated.

## Standard Conditions

1. Proposals must be completed in the format contained in Appendix A of this RFP. If offers do not comply with this format, they will not be accepted.
2. Proposals must be deposited in the required form in the Tender Box by the closing time as specified in this RFP.
3. All proposals and related documentation in respect of this RFP must be in the English language.
4. Proposers may provide services or supply materials for one or both parts of the contract works as specified in Appendix B “Specifications”.
5. Proposals presented in hard copy format must contain two copies of the proposal, or an electronic copy to be provided as specified in this RFP.
6. Electronic copies must be submitted in Portable Document Format (PDF)
7. In order for foreign companies to carry on business in the Cook Islands, an application for approval must be sought from the Business Trade and Investment Board (BTIB). Any fees associated with the registration are to be covered by the bidder.

**Where works are to be carried out in the Outer Islands for any project, it is the proposer’s responsibility to visit the location of the project in order to assess the true costs to complete the project.**

APPENDICES

APPENDIX A

Form of Proposal

Ministry of Finance and Economic Management (MFEM), Treasury Management Division

Underwrite Evaluation Team

*Address: PO Box 120*

*Avarua, Rarotonga*

*Cook Islands*

*Email: tristan.metcalfe@cookislands.gov.ck*

Ph: +682 29511

Having examined the Proposal Documents in relation to Proposal Reference No. \_\_\_\_\_\_\_\_ and dated \_\_/\_\_/2015, released by the Cook Islands Ministry of Finance and Economic Management (MFEM), Treasury Management Division, we submit the following offer.

We offer to complete, handover to the Principal and remedy defects in the whole of the said Proposal Specifications in conformity with these Proposal Documents for the sum of [insert the price offered in text with the value in numbers thus (NZD$\_\_\_\_\_\_\_\_\_\_.\_\_)] stated exclusive of Value Added Tax, together with such other sums as may be ascertained in accordance with the Contract.

We undertake to complete and handover the [whole of the/part [specify which part] Services within the period stated in the Conditions of the Proposal.

We agree to abide by this Proposal for a period of sixty (60) days from the date fixed for receiving the same and it shall remain binding upon us and may be accepted by you at any time before the expiry of that period.

Unless and until a Contract Agreement is prepared and executed, this Proposal together with your written acceptance thereof, shall constitute a binding contract between us.

We understand that you are not bound to accept the lowest or any Proposal you may receive.

We understand that no contract shall come into existence, and no legal or other obligations shall arise between us and you (or between us and any other agent of the Principal) in relation to the conduct, outcome or otherwise of the Proposal process, prior to and apart from your acceptance of our Proposal.

We understand that you may contact the referees nominated by us in this offer and make whatever enquiries you deem necessary regarding our financial health and ability to deliver the Services. Further, during the assessment stage we understand and agree that you may request specific information from all proposers in order to assist your assessment. We acknowledge that a failure to provide such information may result in disqualification from the process.

We provide the following information required to be submitted with this Proposal:

* Completed Schedule of Prices
* Proposed Subcontractors *(if relevant)*
* Preliminary Delivery Programme
* List of Referees you may contact in relation to this offer.

|  |  |
| --- | --- |
| **Signature:** | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| **Printed Name:** | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| **Position Held:** | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| **Proposer:** | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| **Address:** | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
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| **Date:** | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| **E-mail Address:** | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| **Phone No.:** | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| **Facsimile No.:** | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |

**Schedule of Prices**

1. **Financial and contract review (if applicable)**

|  |  |  |
| --- | --- | --- |
| Rate per unit | NZD | 15% VAT |
| Daily rate |  |  |
| Monthly rate |  |  |
| Overall contract value |  |  |
| Additional claimable expenses expected |  |  |

1. **Economic, social and environmental review (if applicable)**

|  |  |  |
| --- | --- | --- |
| Rate per unit | NZD | 15% VAT |
| Daily rate |  |  |
| Monthly rate |  |  |
| Overall contract value |  |  |
| Additional claimable expenses expected |  |  |

Please indicate discounts if awarded more than 1 proposal.

**Proposed Subcontractors (if applicable)**

|  |  |
| --- | --- |
| **Name:** | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| **Company:** | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| **Address:** | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
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|  | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| **E-mail Address:** | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| **Phone No.:** | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| **Facsimile No.:** | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |

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| **Works/Skills to be performed.** | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| **Educational/Technical Qualifications:** | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| **Work Experience:** | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |

**Referees who may be contacted**

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| --- | --- |
| **Name:** | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| **Company:** | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| **Address:** | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
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|  | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| **E-mail Address:** | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| **Phone No.:** | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| **Facsimile No.:** | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| **Nature of Relationship with Proposer:** | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |

APPENDIX B

Proposal Specifications

# Background Information

In the mid 2000s, the Cook Islands Government (CIG) undertook to increase access for tourism to the Cook Islands, by underwriting the provision of a direct flight at least once per week between Los Angeles and Rarotonga (the route is RAR-LAX-RAR). This policy intervention was intended to provide greater access to the Cook Islands for the North American, and to a lesser extent European, tourist market. The agreement ensured that the provider (Air New Zealand) would not make losses on these routes, and provided for a return on capital comparable to other routes. In July 2011, a similar arrangement began with flights between Rarotonga and Sydney once per week (the route is RAR-SYD-RAR), to increase access to the growing Australian market. There have been some changes to the agreements over time, but the essential character remains unchanged.

The CIG policy goal remains to increase the standard of living for Cook Islanders, through growing the largest component of the economy, tourism. Outcomes of this policy are intended to be an increased number of arrivals from the targeted markets of the underwritten flights (North America and Australia).

In 2013, a two part analysis of the underwrite was undertaken. The first component of the study was concerned with the operation and compliance with the contract in place at the time. It was also concerned to determine if Air New Zealand was operating in good faith within the terms of the agreement. The analysis found that the contract was being carried out in good faith and that there were no major departures from the accepted practice of allocating fixed costs.

The second component was a broader cost-benefit analysis which assessed the economic impact of the underwrite. It also evaluated if the funds associated with it could be utilised elsewhere with a greater impact on the Cook Islands economy. The analysis found that the Los Angeles underwrite had a sizable positive impact on the Gross Domestic Product (GDP) of the Cook Islands, while the Sydney underwrite had a negligible, or marginally negative impact on GDP.

# Purpose of the Evaluation

This two part evaluation seeks to determine the extent to which the agreement to underwrite flights has contributed to economic activity in the Cook Islands through greater tourist arrivals. The evaluation will be used to inform the CIG about the value of the agreement, its net benefits. It will also inform any changes in the agreement if it is considered to be a viable mechanism to support the tourism industry and the economy as a whole. The evaluation is also being undertaken at this time to inform government annual budget cycles and expenditure over the medium term. In addition, a decision on the continuation or otherwise of the underwritten flights needs to be made in a timely manner to take account of the lead in time large airlines require to finalise their flight schedules.

The completion of the evaluation is set for June 2016. This will allow sufficient time to undertake a competitive tender for the underwritten services in the event that the underwrite is continued.

# Scope of the Evaluation

The core focus of this evaluation is on economic and fiscal effects of the underwrite agreements. Attention should also be given to determine to what extent do the underwrite agreements contribute the social and environmental principles set out in the Te Tarai Vaka Social and Environmental Safeguards policy.

The time period covered is from 2013 to December 2015, depending on data availability. The geographic focus is on the Cook Islands as a whole (which, for the economic analysis, includes the Outer Islands).

Issues outside the scope of this evaluation are the quantifiable increased contribution to climate change from the underwritten flights.

# Evaluation Criteria and Objectives

The overall evaluation contains two distinct components that consist of a Financial and Contract Review, and an Economic Review. As the demands for these two components are quite varied (and the Financial and Contract Review requires specialised knowledge), prospective evaluators may submit proposal for one or both review components. It should be noted that in the event two separate bidders are awarded, they will need to coordinate their activities across the two reviews. The evaluation criteria and objectives are presented separately. See below.

**Component 1 - Financial and Contract Review**

The evalution criteria and objectives of the review are:

Effectiveness

Objective 1: To assess the effectiveness of the existing contract in limiting costs to the Cook Islands Government (CIG).

1. What changes in tourist arrivals has happened since the existing contract took effect?
2. To what extent are the fixed costs allocated to the route by Air New Zealand reasonable and consistent with standard practice?
3. How do the routes perform in comparison with similar routes?
4. How can route performance be improved?
5. What actions should be taken to address any identified issues?

Efficiency

Objective 2: To assess the efficiency of the existing contract in financial terms.

1. To what extent do the underwrite services provide value for money?
2. How do CIG expenditure projections compare with Air New Zealand projections for the routes?
3. What are the potential risks to financial performance?
4. How does the revenue performance of the routes, compare to alternative Air New Zealand options?
5. What actions should be taken to improve the structure of the agreement that would be beneficial to either CIG or both parties??

**Component 2 Economic, Social and Environmental Review**

The evaluation criteria and objectives of the evaluation are:

Effectiveness

Objective 1: To assess the effectiveness of the underwritten flights in increasing the economic activity in the Cook Islands through greater tourist arrivals

1. What are the net economic benefits and constraints of the underwrite agreements to the Cook Islands (as opposed to the routes themselves)?
2. What are the strengths and weaknesses if the agreements change?
3. What are the likely trends for benefits and costs derived from these agreements?
	1. This includes taking account of ‘up-gauging’ route services with larger airplanes.
4. What are the likely impacts of continuing or ceasing the underwrite agreements?

**Efficiency**

**Objective 2: To assess the efficiency of the underwritten flights as a flagship CIG policy**

1. What are the opportunity costs of the current agreements?
2. What alternatives to the underwritten agreements are there that would generate larger net economic benefits?

Sustainability

Objective 3: To assess the medium- and longer-term sustainability of the underwritten flights .

1. What changes in arrival numbers and profiles have resulted from the underwritten flights?
2. What effect have these changes had on the current carrying capacity on the Cook Islands tourism sector/industry?
3. To what extent have these changes had an effect on Rarotonga and the Pa Enua (outer Islands)?[[1]](#footnote-1)
4. If the underwritten flights were to be discontinued, how would stakeholders be affected?
5. If the underwritten flights were to continue, what are the risks around the costs to CIG?
	1. including how large would any potential negative shocks need to be to affect the fiscal sustainability of the underwrite policy?

# Methodology for the Evaluation

The final methodology is left open to the evaluator to determine, in order to achieve the objectives outlined above. It is envisaged that a financial analysis would be used for the Financial and Contract Review, and a cost-benefit analysis (with some regard paid to social and environmental costs and benefits) using counterfactual scenarios would be undertaken for the Economic, Social and Environmental Review.

Counterfactual scenarios that are of particular interest include, but are not limited to:

1. The absence of the underwrite and/or underwritten flights
2. The up-gauge to larger planes
3. Alternative spending of the funds allocated to the underwrite

The methodology to be used is expected to be proposed by the evaluator in the Evaluation Plan.

# Principles/Approach

The principles underpinning the evaluation are independence, transparency and participation.

Independence is the key principle as a third party is being sought out to provide the evaluation services, and this party will be free of any undue political or organisational influence in carrying out the evaluation.

The evaluation will be transparent in nature (except where issues of commercial confidence apply in the Financial and Contract Review) as the final results will be published on the MFEM website for the public to read.

A participatory approach will be achieved through the involvement of stakeholders in determining the Terms of Reference (TOR), feedback on the evaluation plan and process as it continues and ultimately on the draft report.

# Evaluation Plan

The evaluator/s, will prepare an evaluation plan (using or being guided by the Evaluation Plan Template) before carrying out the evaluation. The draft plan will be reviewed by the Evaluation Manager with feedback and guidance from the evaluation adviser. The plan may need to be redrafted if it does not meet required standards or is unclear.

The evaluation plan **must** be approved prior to the start of any substantive work. . The revised plan will be approved by the Evaluation Manager. The evaluation plan is to be appended to the main written report

The intended results of the activity/programme (i.e. the goal, outcomes and outputs) will be clarified and described in the evaluation plan.

The evaluation plan will describe how cross-cutting issues will be considered in the evaluation.

The evaluation may be constrained by some unavailability of data and this should be considered in the design described in the evaluation plan.

# Team Composition

The evaluation will be undertaken by the successful tenderer, found through a competitive tender process to be undertaken by the Ministry of Finance and Economic Management (MFEM), of which these TORs will be a component.

The attributes (knowledge, skills, experience) strongly preferred of the evaluation team are:

* At least one team member must be an experienced evaluator with ten years experience in managing and participating in evaluations;
* A relevant tertiary qualification, preferably in economics, finance or public policy would be an advantage but not a requirement;
* Knowledge of the aviation industry, with experience therein, and experience conducting economic analysis;
* Experience in policy evaluation or formation in the Cook Islands or similar jurisdictions.

# Governance and Management

The evaluation will be overseen by a steering committee and an Evaluation Adviser (Akairo Consulting), with input where necessary from MFEM staff.

The evaluation is commissioned by MFEM, in conjunction with the Cook Islands Tourism Corporation (Tourism). The evaluator(s) will be accountable to MFEM.

Oversight of the evaluation process will be the responsibility of a steering group, comprised of:

* Garth Henderson, MFEM Financial Secretary, Chair
* Cook Islands Tourism Corporation delegate.
* Other government or private sector representatives (TBA)
* James Webb, Evaluation Manager, MFEM

The evaluation adviser will report to the Evaluation Manager and may be called upon to participate and brief the steering group.

The Evaluation Manager, James Webb (or his delegate), is responsible for day-to-day management and administration of the evaluation. Responsibilities include contracting, briefing the evaluation team, managing feedback from reviews of the draft report and liaising with the evaluation team to ensure the evaluation is being done as agreed.

# Outputs and Milestones

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **No.** | **Output/milestone** | **Description** | **Inputs** | **Due date** | **Indicative payment proportion of fees or fixed price contract** |
| 1 | Evaluation plan | Evaluation plan drafted and presented for feedback from the Evaluation Manager and evaluation adviser. | Determined by the evaluation team in conjunction with the Evaluation Manager | 15 February 2016 | 5% |
| 2 | Draft report | Preparation of the draft report and submission to the steering group. | Determined by the evaluation team in conjunction with the Evaluation Manager | 30 April 2016 | 40% |
| 3 | Final report | Acceptance by the steering group after any revisions are implemented, and readiness for publication (where appropriate). | Determined by the evaluation team in conjunction with the evaluation Manager | 31 May 2016 | 55% |

#

# Reporting Requirements

Copies of the report are to be delivered by email to James Webb, Evaluation Manager. The written evaluation report is expected to be guided by the Evaluation Report Template.

The report must contain an abstract suitable for publishing on the Cook Islands Government website. Instructions for the abstract can be found in the Evaluation Report Template.

The evaluation report must meet quality standards as described in the Activity Evaluation Policy.

The draft evaluation report will be reviewed by Cook Islands Government staff, stakeholders and/or experts. Further work or revisions of the report may be required if it is considered that the report does not meet the requirements of this TOR, if there are factual errors, if the report is incomplete, or if it is not of an acceptable standard.

It is the Cook Islands Governments’ policy to make evaluation reports publicly available unless there is prior agreement not to do so. In this case, the Financial and Contract Review component is likely to contain commercial in confidence material, and this report will be assessed upon completion as to the appropriateness of publication.

Information that could prevent the release of an evaluation report under the Official Information Act, or that would breach evaluation ethical standards, should not be included in the report. The final report will be approved for public release by the Ministry of Finance and Economic Management, as the Cook Islands Government department responsible for commissioning this evaluation.

# Relevant Reports and Documents

Relevant documents will be provided to the evaluation team prior to the evaluation. These key documents include:

* *Economic Analysis of Cook Islands Air Route Underwrite Agreements* (2013) Covec.
* *Cook Islands Long-Haul Air Services: Underwrite Review and Performance Assessment* (2013) Eagle Aviation Consulting (not public)

APPENDIX C

Evaluation Criteria

The Evaluation Criteria has been drawn from the Statement of Requirements, Standard Conditions and Special Conditions as articulated in the RFP. In accordance with clause 24.5 of the Manual, Proposals that did not meet the Standard Conditions are deemed non‑compliant.

The Evaluation Committee for this RFP reserves the right to reject the lowest priced bid, or the bid with the highest aggregate score.

#### Standard Conditions

|  |  |
| --- | --- |
| Criterion | CompliesYes or No |
| 1. Proposal is completed in the format contained in Appendix A of the RFP.
 |  |
| 1. Proposals must be deposited in the required form in the Tender Box or received by email by the closing time specified in the RFP.
 |  |
| 1. Proposal and related documentation must be in the English language.
 |  |
| 1. Proposers may provide for one or both of the parts specified in the RFP.
 |  |
| 1. Proposals presented in hard copy format must contain two copies of the proposal, or an electronic copy to be provided as specified in this RFP.
 |  |
| 1. All prices must be in NZ dollars.
 |  |

#### Special Conditions

A Weighted Criteria methodology will apply to the evaluation of the Special Conditions of this RFP. The assignment of weightings is based on the following principles:

* The Special Conditions that reflect the critical elements of the project will be assigned a weight
* Weightings will reflect the relative importance of each criterion
* Scores will be based on the information provided in the submitted proposals

|  |  |
| --- | --- |
| Criteria | Weight% |
| **Non-Price Criteria** |  |
| 1. Locally established company Locally supplied resources (labour and/or materials)
 | 5 |
| 1. Compliance with contract terms
 | 5 |
| 1. Relevant skills
 | 40 |
| 1. Past Performance
 | 20 |
| **Total Non-Price Elements** | **70** |
| Price | 30 |
| **TOTAL WEIGHTING** | **100** |

#### Risk

The Evaluation Committee will conduct a Risk Assessment for each Proposal submitted. This will identify the most significant risks presented by the Proposal and consider the likelihood of the risk occurring; the consequence of that risk; and a risk mitigation strategy. In conclusion, the mitigated risk will be determined to form an overall measure of the risk represented by each Proposal.

The Risk Mitigation Strategy may include the inclusion of specific clauses in the executed contract. Therefore, a Proposal considered to be High Risk might still be selected subject to the Bidder’s willingness to accept the proposed contract amendments.

APPENDIX D

Draft Contract

***Note to Proposers: This contract contains the applicable terms and conditions and will be completed as appropriate for the successful Proposer taking into account the services to be provided. Some terms may not be relevant depending on the services awarded.***

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**Schedule**

**Government**: Her Majesty the Queen acting by and though [insert details of Ministry or Department]

Signed:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name:

Position:

Date:

**Consultant**: [Insert Consultant details]

Signed:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name:

Position:

Date:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Project:**

**Location:**

**Scope and Nature of the Services:**

**Programme for the Services:**

**Fees and Timing of Payments:**

**Insurance:**

**Contact Person**:

Government Contact: [insert details]

Supplier Contact: [insert details]

**Key Personnel:**

**TERMS AND CONDITIONS FOR THE ENGAGEMENT OF A CONSULTANT**

Her Majesty the Queen acting by and through the Government of the Cook Islands (the “Government”) agrees to engage the Consultant and the Consultant agrees to provide the Services described in the Schedule on the following conditions:

1. **Application**: These terms and conditions supersede any contrary provisions in any previous agreements between parties, written or otherwise. No right under these terms shall be deemed to be waived except by notice in writing by each party. In the event that any one or more of the provisions contained in these conditions are declared invalid by order, decree or judgment of any Court of competent jurisdiction, these conditions are to be read as if such provision had not been inserted.

2. **Services**: The Consultant shall perform the Services as described in the attached Schedule in accordance with any requirements set out in these terms and conditions and/or in the Schedule. The time of performance of the Services is a fundamental element of these terms and conditions. The Consultant shall notify the Government in writing immediately when the Consultant becomes aware there may be a delay in the delivery of the Services. The Government is entitled to cancel these terms and conditions or change its specification (without incurring additional charges) if the Services are not supplied on the supply dates or times specified in the Schedule. Where the Consultant has the benefit of any warranties or covenants from a third party in respect of the Services, the Consultant shall disclose and assign the benefit of the warranties and/or covenants to the Government.

3. **Skill**: The Consultant shall use the highest reasonable standard of skill, care and quality and employ techniques, methods, procedures and materials of a high quality and standard in accordance with best professional practice in rendering the Services. The Consultant will comply with all relevant (a) Cook Island standards and international standards (if not in conflict) (both general and industry-specific); (b) statutes; (c) regulations; (d) by-laws; (e) ordinances; and (f) Government policies, applicable in respect of the supply of the Services.

4. **Independent Judgment**: Where the Services require the Consultant to certify, decide or use discretion under a contract between the Government and a third party, the Consultant must act independently, and with professional skill and judgment, and according to the terms of the contract between the Government and the third party.

5. **Delay**: If at any time the Consultant’s performance falls behind the programme set out in the Schedule then the Consultant shall notify the Government and, where the delays are due to matters within the control of the Consultant, shall take all practicable steps to remedy such delay.

6. **Variations**: The Government may order variations to the Services in writing or may request the Consultant to submit proposals for variation to the Services. Where the Consultant considers a direction from the Government or any other circumstance is or may give rise to a variation the Consultant shall notify the Government as soon as practicable.

7. **Payment**: The Government shall pay the Consultant for the Services the fees and expenses at the times and in the manner set out in the Schedule. The prices stated in the Schedule are fixed unless there is a written agreement stipulating the price may be varied, when it may be varied and how the price is to be determined. The price is exclusive of VAT. The Consultant is not entitled to claim expenses, surcharges, margins or disbursements except if otherwise agreed in advance and in writing by the Government.

8. **Liability**: Where the Consultant breaches these terms and conditions, the Consultant is liable to the Government for reasonably foreseeable claims, damages, liabilities, losses or expenses caused directly by the breach. The Consultant shall not be entitled to anticipatory profits or to special (including multiple or punitive), incidental or consequential damages or losses.

9. **Contribution to Loss**: If either Party is found liable to the other (whether in contract, tort or otherwise), and the claiming Party and/or a Third Party has contributed to the loss or damage, the liable Party shall only be liable to the proportional extent of its own contribution.

10. **Indemnity**: The Consultant indemnifies the Government in respect of all costs (including legal costs), claims, liabilities, losses, damage and expenses suffered or incurred by the Government and any other person claiming through the Government as a direct or indirect consequence of any unlawful, negligent, tortious, criminal, reckless or dishonest errors, acts or omission of the Consultant in the performance of its obligations under these terms and conditions. This indemnity survives the termination of these terms and conditions.

11. **Insurance**: The Consultant shall take out and maintain at its own cost, at all times during the continuance of these terms and conditions, such insurances as specified in the Schedule. All such insurance shall be on such terms and with such insurers as the Government may reasonably require. The Consultant shall, if requested by the Government, provide the Government with written evidence that all insurances are in force and shall produce, whenever reasonably required by the Government, the relevant policies and evidence of payment of the current premiums. If the Consultant fails to provide such evidence the Government may, after notifying the Consultant in writing, arrange or keep in force that insurance and may, for the purpose of doing so, pay the relevant premiums and deduct a corresponding amount from any moneys payable by Government to the Consultant under these terms and conditions.

12. **Intellectual Property**: “Intellectual Property” includes copyright, designs, drawings, specifications, reports, data and documentation. All Intellectual Property arising from the provision of the Services (“New IP”) is owned by the Government and the Consultant shall co-operate with the Government (including by signing documents) to help the Government protect its rights in the New IP. To the extent that New IP incorporates or requires Intellectual Property arising outside of the provision of the Services (“Pre-existing IP”), the Consultant licences, or shall procure the licence to the Pre-existing IP for the Government on a perpetual, royalty-free basis. The Consultant warrants and represents to the Government that the New IP and the Pre-existing IP will not infringe the Intellectual Property rights of any third party.

13. **Termination**: The Government may, at its convenience, terminate all or part of the Services by 10 days’ written notice to the Consultant who shall immediately make arrangements to stop the Services and minimise further expenditure. The Consultant may, in the event the Government is in material default, terminate these terms and conditions by 10 days’ written notice to the Government. Any suspension or termination shall not prejudice or affect the accrued rights or claims and liabilities of the parties. Further, the Government may terminate these terms and conditions immediately where, in the opinion of the Government, there has been serious misconduct by the Consultant. Serious misconduct includes, but is not limited to: bringing the Government into disrepute, where the Consultant, in the judgment of the Government, has engaged in corrupt or fraudulent practices in competing for or executing these terms and conditions, thieft of property, offensive behaviour towards Government personnel, members of the public or contractors.

14. **Confidentiality**: The Consultant must keep confidential all information provided by the Government in relation to these terms and conditions and the provisions of the Services and not disclose the same without the written consent of the Government.

15. **Public Statements**: The Consultant must not make any public statements about the Services or these terms and conditions without the Government’s written approval.

16. **General Warranties**: The Consultant represents, warrants and undertakes that: a. it has full power, capacity and authority to execute, deliver and perform its obligations under these terms and conditions;

b. it has and will continue to have, all necessary consents, permissions, licences and rights to enter into and perform its obligations under these terms and conditions;

c. there are no existing agreements, undertakings or arrangements which prevent it from entering into these terms and conditions or which would impede the performance of its obligations under these terms and conditions;

d. it has not offered any inducement in connection with the entering into or negotiation of these terms and conditions; and

e. it has not (nor is any of its representative directors or employees) a party to any litigation, proceedings or disputes which could adversely affect its ability to perform its obligations under these terms and conditions.

17. **Conflict**: The Consultant confirms it has no knowledge of any conflict of interest in providing the Services. If any conflict arises or has the potential to arise during the supply of the Services, the Consultant shall immediately inform the Government in writing and the Government will decide on the appropriate steps to be followed in such event, which may include the right of the Government to terminate these terms and conditions with immediate effect.

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18. **Key Personnel**: The Key Personnel for the provision of the Services are as listed in the Schedule. Any change to the Key Personnel requires the written consent of the Government.

19. **Assignment**: The Consultant must not assign, transfer or subcontract all or part of its rights or obligations under these terms and conditions without the prior written consent of the Government’s, such consent to be provided at the Government’s absolute discretion.

20. **Law**: These terms and conditions are governed by the laws of the Cook Islands. The parties agree to submit to the exclusive jurisdiction of the High Court of the Cook Islands.

1. This should take account of social and environmental factors and the Social and Environmental Safeguards policy. [↑](#footnote-ref-1)