

2020/21 NEW ZEALAND DEFENCE INDUSTRY SURVEY RESULTS AND ACTIONS UNDERTAKEN

Since 2016/17, Defence has undertaken an annual survey of Defence industry. The survey was intended to measure supplier satisfaction with their engagements with the Ministry of Defence (MoD) and the New Zealand Defence Force (NZDF) and prime contractors.

A survey was not conducted in 2019/20. Instead, a number of more detailed interviews were conducted with industry leaders focused on the impact of COVID-19 on the sector.

The 2020/21 survey was released on 31 March 2021 on the Governments Electronics Tender Service (GETS) and promoted via the New Zealand Defence Industry Association (NZDIA) newsletter as well as the Defence Industry Portal.

The survey consisted of 46 questions – 11 general questions, 18 questions on the Ministry of Defence and 17 questions on the NZDF. Questions relating to the impact of COVID-19 on industry were also included. The survey consisted of a combination of satisfaction, open ended, and rating questions. The summary of the findings are included here.

The feedback from the survey has been considered and incorporated into a number of initiatives already underway by the Ministry of Defence and NZDF (see below).

SUMMARY OF FINDINGS

The response rate was not as high as previous years, possibly reflecting fewer opportunities to directly engage due to COVID-19 travel and border restrictions. In total, there were 49 individuals who completed the survey responding to questions about their engagement with Defence during 2020/21. This compares to 168 in 2018/19. Of the total respondents, two companies identified as a recognised Māori business.¹

Over 60% of the survey responses were from small businesses with less than 50 employees including several businesses that were new to the Defence sector. In the

¹ A Māori business is defined as either a Māori authority as classified by the Inland Revenue Department or one that has at least 50% Māori ownership.

last year, 91% of the respondents tried to get business with the NZDF, 48% with the Ministry while 36% with a prime contractor directly.

Figure 1 shows the familiarity of the respondents to key documents and policies pertaining to engagement with Defence. Defence Capability Plan (DCP) 2019, the Strategic Defence Policy Statement (SDPS) 2018 and MBIE Government Procurement Rules 2019 were the most familiar to the respondents.

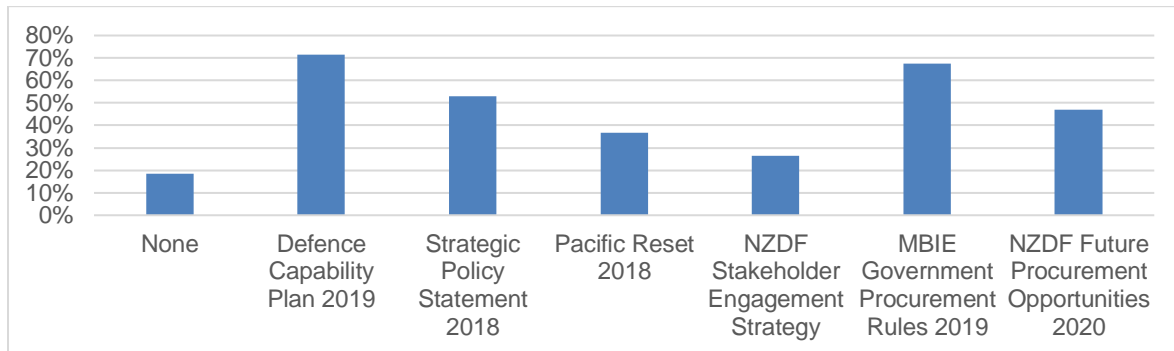


Figure 1: Familiarity of respondents with key documents and policies pertaining to Defence.

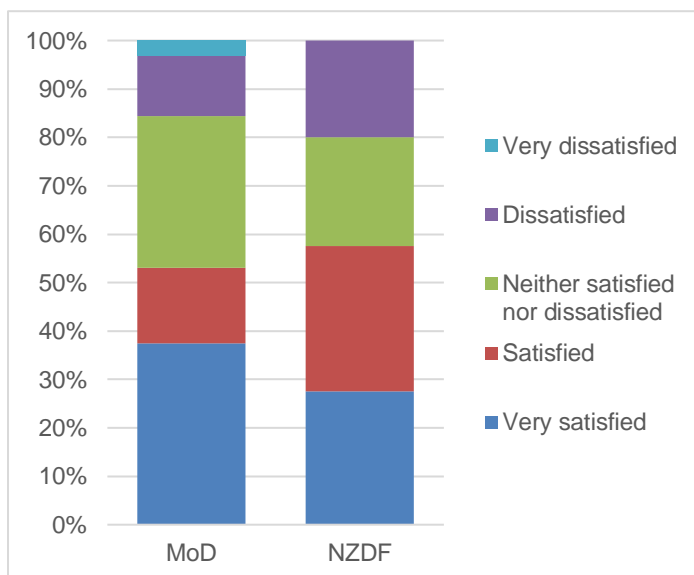


Figure 2 shows the overall satisfaction results. Between 50 and 60 percent of respondents recorded that they were “somewhat satisfied” or “very satisfied” with the Ministry of Defence and the New Zealand Defence Force. Compared to previous years, the biggest change is in the percentage of respondents “neither satisfied nor dissatisfied”, possibly reflecting fewer opportunities to directly engage due to COVID-19.

Figure 2: Overall satisfaction of respondents in 2021.

There were a number of satisfaction questions specifically for the Ministry of Defence and the New Zealand Defence Force. Figures 3 and 4 highlight the responses with the highest and lowest combined “somewhat satisfied” and “very satisfied” responses for the two organisations.

The highest satisfaction scores for the Ministry of Defence (Figure 3) were for “responsiveness to general enquiries”, “transparency of evaluation criteria of tenders” and “quality of information on projects and procurement” and “usefulness of the information provided on capability projects”. The lowest scores were for

“partnering opportunities with NZ suppliers”, “attention to through-life cost advantages”, and “realistic price expectations”.

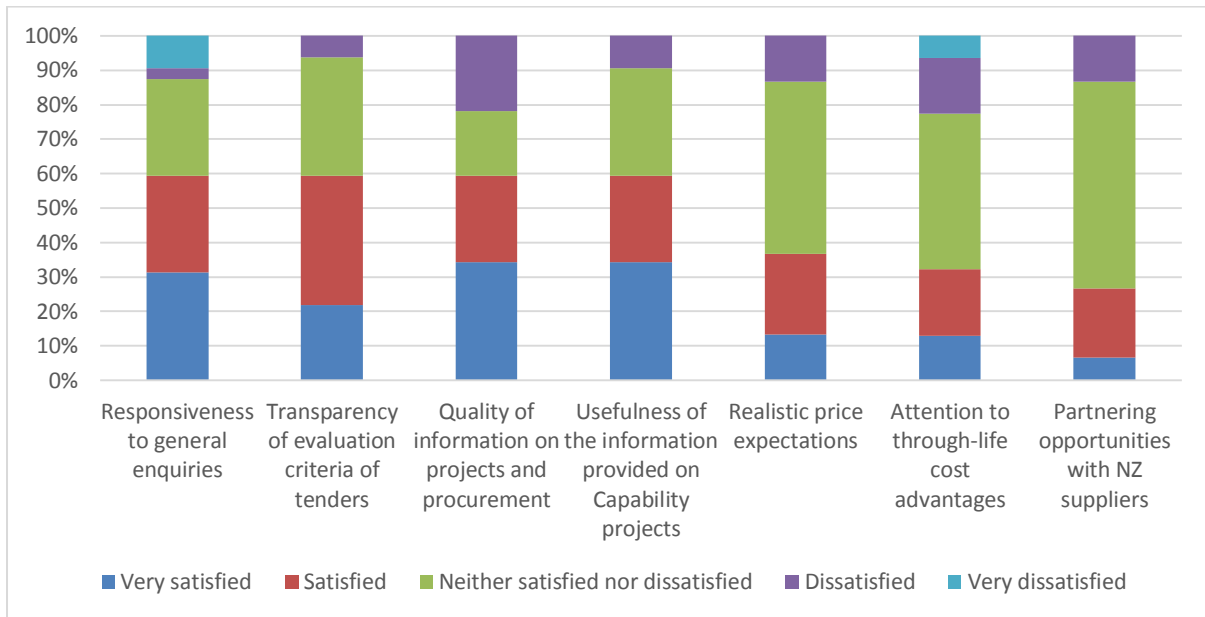


Figure 3. Questions with the highest and lowest satisfaction scores for MoD.

The highest satisfaction scores for the New Zealand Defence Force (Figure 4) were for “responsiveness to general enquiries”, “access to the right personnel”, and “usefulness of the information provided by personnel”. The lowest scores were for “transparency of the evaluation criteria of tenders”, “approach to commercial risk assessment and management”, and “usefulness of the Future Procurement Opportunities”.

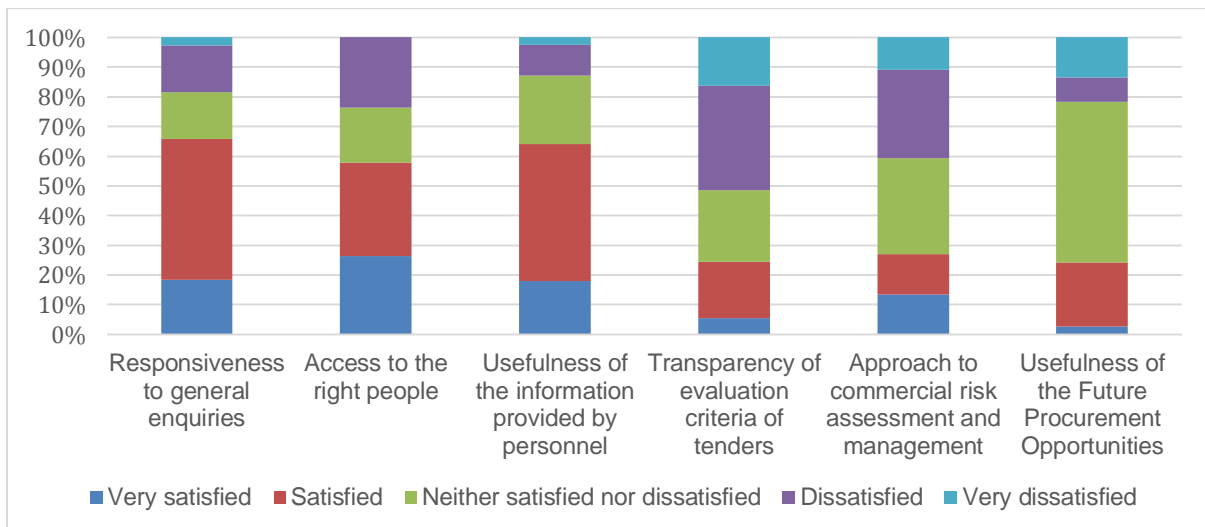


Figure 4. Questions with the highest and lowest satisfaction scores for NZDF.

The survey included a number of questions regarding COVID-19 and its impact on industry. Roughly 60% of the respondents noted that COVID-19 had an impact on

their ability to deliver to Defence in the last year with almost 40% noting an impact on their ability to bid on upcoming opportunities. There are some positive and encouraging feedback from the survey about the support from MoD and NZDF, however, there were also a number of comments on areas where more work needs to be done, particularly in light of supporting the COVID-19 economic recovery. The largest number of comments in response relating to COVID-19 were our openness to new solutions, information and communication on upcoming opportunities, agility and response time.

ACTIONS UNDERTAKEN

In light of the above findings, the following action items have been, or will be undertaken by the Ministry of Defence and the New Zealand Defence Force.

Information on upcoming projects

- Defence will continue to explore further opportunities for industry briefings, including virtual briefings, on upcoming projects, strategies, and priorities. This will include more information relevant to Industry, including cost ranges and more robust indicative timings when projects will commence early market engagement and formal market engagement (release of an RFT or RFP).
- Defence will consider more bespoke industry engagement opportunities targeting specific providers of goods and services in a meet-the-buyer format.
- Defence will continue to explore options for adding additional functionality to the Defence Industry Portal to strengthen the details on upcoming opportunities, access to information and awareness of the local and international networks and resources.
- Defence will continue to ensure that Future Procurement Opportunities are consistently and transparently provided to the market and that as much detail as possible is provided in regard to each opportunity.

Improving the tender process

- Defence is considering tools and resources to support small and medium-sized businesses in preparing tender responses, including support in understanding Defence's requirements, how we work and our challenges. Defence is also reviewing the barriers to small businesses engaging with Defence, including compliance obligations, packaging of sub-contracts and expectations on costs.

Improving opportunities for companies to partner with Primes and/or other New Zealand Suppliers

- Schedule 8 of the Ministry of Defence standard Request for Tenders encourages Prime suppliers to identify the steps they have taken to ensure their proposals provide the Crown with best Public Value, including through the use of New Zealand industry where it makes sense to do so. Schedule 8 requires Primes to submit an Activity Report. Defence will look at how it can take a more active role helping Primes compile their Activity Reports, including by using Requests for Information to establish a time and project specific database of potential subcontractors.

Social procurement and supplier diversity

- In December 2020, the Government announced that it will support economic and social outcomes for Māori with a progressive procurement policy that targets Māori businesses. Defence will foster greater supplier diversity, including by engaging the Government's intermediary for supplier diversity, *Amotai*, on the investment pipeline for Defence and working with them to identify opportunities for Māori and Pasifika businesses in supporting Defence.

Recognising industry excellence

- The Ministry of Defence and the NZDF are reviewing the criteria for awarding the Minister of Defence Industry Awards of Excellence so that it better aligns with the Defence outcomes, as well as changes to Government Procurement Rules. In 2020, the criteria for the awards were modified to better reflect the contributions by Industry to Defence during COVID-19. This saw a shift to recognise strategic partnerships and aligned with the Defence values.

If you have any further feedback or questions please contact the Ministry of Defence on industry@defence.govt.nz and New Zealand Defence Force on industry@nzdf.mil.nz.