



# Request for Proposal (RFP)

by: NZ Productivity Commission  
for: Economic modelling of supply chain disruptions  
ref: Resilience 003

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RFP released: 8 December 2022  
Deadline for questions: 19 December 2022  
Deadline for proposals: 13 January 2023

New Zealand Productivity Commission Te Kōmihana Whai Hua o Aotearoa

<https://www.productivity.govt.nz/>

Level 15 Fujitsu Tower,  
141 The Terrace, Wellington 6011  
or PO Box 8036, Wellington 6143

# The opportunity

This RFP is issued by the New Zealand Productivity Commission Te Kōmihana Whai Hua o Aotearoa, referred to below as “the Buyer” or “we” or “us”.

The Government has asked the Buyer to undertake an inquiry into New Zealand’s economic resilience to persistent supply chain disruptions. As part of this work, we want to understand how possible trade shocks and disruptions to imports and exports might be distributed across the domestic economy.

The Buyer would therefore like to identify and simulate the impact of different types of supply chain disruption on economic outcomes. The purpose of the work being sought within this RFP is to:

- identify which industries of New Zealand are most susceptible and exposed to different types of supply chain disruption risk; and
- estimate the output and employment changes from supply chain disruptions.

This analysis will help us understand how many jobs and businesses are potentially at risk (by industry) from changes in external trading conditions that affect vulnerable imports and exports. Understanding the extent of different impacts should help us categorise and prioritise different risks or shocks. Testing the sensitivity of model outputs to alternative assumptions may help us to understand the relative impact of different supply chain configurations, trade relationships, and policy choices about transitional support.

The Buyer intends to use the outputs from economy-wide estimation to conduct distributional modelling.<sup>1</sup> It is important, therefore, that the output and employment impacts from the analysis of shocks are produced at a detailed industry level. Our own secondary analysis is intended to inform us about New Zealand’s vulnerability in terms of employment, income, and wellbeing for different New Zealand regions, industries, and communities.

## What we need

The Buyer wants to understand the potential impact of supply chain disruptions on the economy, in terms of output and employment changes in each detailed industry. To estimate the distribution of employment effects, the impacts we need support to model principally relate to national-level GDP, and to industry-level output and employment changes. However, we are also interested in the associated impact on other macroeconomic variables including the balance of payments, terms of trade, and price changes if the supplier’s analysis produces these.

The Buyer proposes two distinct phases to this exercise:

- (i) developing the methodology and scenarios for analysis; and
- (ii) running and testing those scenarios to generate industry-level output and employment estimates.

If the supplier has an existing in-house model, we are interested in understanding the trade-off between using that model “as is”, versus the benefits and costs of further model development to align the model more closely with the Buyer’s needs.

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<sup>1</sup> Along the lines of Riggs, Lynn and Livvy Mitchell. 2021. “Methodology for Modelling Distributional Impacts of Emissions Budgets on Employment in New Zealand. Motu Working Paper 21-14. Motu Economic and Public Policy Research. Wellington, New Zealand.

This project is related to other work by the Buyer to better understand New Zealand goods trade vulnerabilities. We are currently exploring New Zealand's import and export vulnerabilities to understand, among other things, what intermediate inputs New Zealand is most reliant on and how concentrated are the international markets for these products. This work has applied a similar methodology to that adopted in recent overseas studies of vulnerable trade – by the Australian Productivity Commission (2021)<sup>2</sup>, Statistics Canada (2021)<sup>3</sup>, and the European Commission (2021)<sup>4</sup>, focusing on the quantitative characteristics of imports prior to the COVID-19 pandemic.

Ideally, we would like to link the results from this import and export filtering exercise to the development of a set of shock scenarios involving vulnerable imports or exports – i.e., scenarios based on volume or price changes for selected imported inputs and exported outputs.

The following specific deliverables describe what we need:

- A set of supply chain disruption scenarios – to be developed in consultation with the Buyer. A baseline scenario will be required for benchmarking. As part of submitters' proposals, it would be useful to outline the approach to identifying baseline assumptions as well as model features.
- The use of a model to estimate the response of industry output and employment to the set of scenarios, such as changes to world prices for imports and exports, and geopolitical scenarios that affect markets for import sourcing and export destination.
- A presentation of the methodology and key findings with the Buyer and with selected public policy agencies, to enable interpretation and discussion.

While a report that outlines the analysis may be useful, this is optional and may not be required if the modelling approach is documented in detail and publicly available.

## When do we need it?

The inquiry was announced in October 2022 and an initial issues paper is planned for February 2023. The Buyer intends to use the outputs from modelling as inputs to a simulation model, to examine the potential distributional employment impacts for input to a draft inquiry report in August 2023. This would require indicative modelling outputs by late January 2023 (to enable the coding work for the simulation model to be progressed in parallel). A more detailed proposed timeline is outlined below in section 2.3.

## Why should you quote?

The domestic economic risks from trade disruptions and de-globalisation are receiving increased international attention. We are looking for providers of economic modelling, particularly those with a focus on trade and on domestic regional employment linkages. This is a chance to influence the policy responses that may be developed to mitigate risks, assist new trade opportunities, enable economic adaptation, or smooth structural adjustment in the New Zealand economy.

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<sup>2</sup> <https://www.pc.gov.au/inquiries/completed/supply-chains/report/supply-chains.pdf>

<sup>3</sup> <https://www.international.gc.ca/trade-commerce/economist-economiste/analysis-analyse/id-vulnerables-canadiens-importations.aspx?lang=eng>

<sup>4</sup> [https://ec.europa.eu/info/sites/default/files/swd-strategic-dependencies-capacities\\_en.pdf](https://ec.europa.eu/info/sites/default/files/swd-strategic-dependencies-capacities_en.pdf)

# Section 1: Key Information

## 1.1 Our timeline

The timeline for this RFP (all are New Zealand times and dates) follows:

Deadline for questions from respondents:	17:00 19 December 2022
Deadline for us to answer questions:	17:00 22 December 2022
<b>Deadline for proposals</b>	17:00 13 January 2023
Expected start date of contract:	23 January 2023

## 1.2 How to contact us

- a. Contact us through our Point of Contact via email.
- b. Our Point of Contact:

**Name:** Ben Temple

**Title/role:** Principal Advisor

**Email address:** [ben.temple@productivity.govt.nz](mailto:ben.temple@productivity.govt.nz)

## 1.3 Developing and submitting your proposal

- a. Take time to read and understand the RFP.
- b. Take time to understand our requirements. See Section 2 of this document.
- c. Take time to understand how your proposal will be evaluated. See Section 3 of this document.
- d. For resources on submitting a proposal: <https://www.procurement.govt.nz/procurement>
- e. If you have any questions, ask our Point of Contact (see above) before the deadline for questions.
- f. Use the response form linked at <https://www.productivity.govt.nz/inquiries/resilience/> to submit your proposal.
- g. Complete and sign the declaration at the end of the response form.
- h. Check you have provided all the necessary information in the correct format and order.
- i. Submit your proposal before the deadline for proposals.

## **1.4 Address for submitting your proposal**

Submit your proposal to the following address: [resilience@productivity.govt.nz](mailto:resilience@productivity.govt.nz)

**We will not accept proposals sent by post or delivered to our office.**

Make sure you include all attachments and reference material.

## **1.5 Our RFP terms**

- a. Offer Validity Period: by submitting a proposal, the respondent agrees that their offer will remain open for three calendar months from the deadline for proposals.
- b. The RFP is subject to the RFP terms.

## **1.6 Later changes to the RFP or RFP process**

- a. Respondents will be contacted by email if there are any changes to the RFP or RFP process following publication of the RFP.

## **1.7 Define terms**

These are shown by the use of capitals. You can find all definitions at the back of the RFP terms.

# Section 2: Our requirements

## 2.1 What we are buying

This procurement relates to the purchase of services.

What we are buying	Description
Economic modelling services	<p>Development and identification of a set of supply chain disruption scenarios and a baseline.</p> <p>Economic analysis of the impact of specific scenarios agreed with the Buyer, compared with the baseline, using a structured economic modelling framework.</p> <p>A detailed description of the model, sufficient to understand its assumptions and limitations.</p> <p>Production of modelling outputs for use in further distributional modelling.</p> <p>Presentation and discussion of key results and their interpretation.</p>

## 2.2 What we require of a supplier

**a. Track record**

We are seeking suppliers that have experience in economic modelling of trade impacts, generating real-world scenarios, and applying insights in a complex policy context.

**b. Capability**

We are seeking suppliers that can undertake economic modelling of trade impacts and can complement other trade-focused analytical approaches.

**c. Solution**

Beyond the use of an economic model, we are looking for suppliers who can conduct quantitative analysis, engage with other modelling approaches and experts, and articulate the implications of their analysis to a non-technical audience.

**d. Timeframe**

We are seeking suppliers that can deliver initial outputs for testing the distributional modelling approach by late January 2023, agreed disruption scenarios by March 2023, and final outputs by May 2023.

## 2.3 Key deliverables

Description	Indicative date for delivery (week of)
Agreement about: 1) a methodology for identification of disruption scenarios; and 2) an initial set of assumptions/requirements for baseline analysis.	30 January 2022
Initial run of model to generate indicative outputs (to be used as indicative inputs to prepare the Buyer's distributional modelling).	6 February 2023
Discussion and interpretation of simulation model outputs, to identify disruption scenarios.	27 February 2023
Agreement on final disruption scenarios.	6 March 2023
Key outputs (to be used in distributional modelling) and presentation that outlines the main assumptions and interpretation of key results, for comment and peer review.	27 March 2023
Discussion and interpretation of simulation model outputs, to understand the possible underlying drivers of distributional changes.	17 April 2023
Final set of outputs that can be used for distributional modelling, and presentation outlining the key results.	8 May 2023
Feedback on Commission distributional outputs and findings based on the modelling results (following publication of an inquiry draft report outlining the Buyer's broader work, initial findings and recommendations).	September 2023

## 2.4 Contract term

We expect that the Contract will commence January 2022. The anticipated Contract term is 10-12 months, with most of the work occurring in the first 5-6 months.

## 2.5 Delivery locations

We anticipate the Respondent will need to deliver to these locations:

Location	What is being delivered here?
Level 15 Fujitsu Tower, 141 The Terrace, Wellington <a href="mailto:resilience@productivity.govt.nz">resilience@productivity.govt.nz</a>	Final reports and discussion of results.

## 2.6 Useful links

Our website has lots of useful resources to help you prepare your proposal.

<https://www.procurement.govt.nz>

<https://www.productivity.govt.nz/inquiries/resilience/>

# Section 3: Our evaluation approach

This section sets out the evaluation approach that we will use to assess proposals.

## 3.1 Evaluation model

The evaluation model is **weighted attribute**. This means the proposal that scores highest on capability of full delivery on time (applying the weightings for the criteria outlined below) will likely be selected as the Successful Respondent.

All proposals that meet the pre-conditions are evaluated using the evaluation model. Scores will assist in deciding the Successful Respondent(s), but ultimately the decision will be based on which proposal(s) we consider will provide the best overall public value.

## 3.2 Evaluation criteria

We will evaluate proposals according to the following criteria and weightings. Price is not a weighted criterion and will be evaluated separately.

Criteria	Weighting
<b>Technical merit (fit-for-purpose)</b>	
Understanding of requirements	20%
Degree to which proposed work meets or exceed requirements	10%
Methodology/approach to delivery of project	20%
<b>Capability of the supplier to deliver</b>	
Supplier’s ability to deliver (size, experience, qualifications and structure of proposed team; including cultural competency)	25%
Track record in delivering similar goods/services	10%
Operational and financial systems to manage delivery (particularly to meet timeframes)	15%
<b>Total weightings</b>	<b>100%</b>

### 3.3 Scoring

Rating	Definition	Score
EXCELLENT	Exceeds the requirement. Exceptional demonstration by the supplier of the relevant ability, understanding, experience, skills, resource and quality measures required to provide the goods/services. Response identifies factors that will offer potential added value, with supporting evidence.	9-10
GOOD	Satisfies the requirement with minor additional benefits. Above average demonstration by the supplier of the relevant ability, understanding, experience, skills, resource and quality measures required to provide the goods/services. Response identifies factors that will offer potential added value, with supporting evidence.	7-8
ACCEPTABLE	Satisfies the requirement. Demonstration by the supplier of the relevant ability, understanding, experience, skills, resource and quality measures required to provide the goods/services, with supporting evidence.	5-6
RESERVATIONS	Satisfies the requirement with minor reservations. Some minor reservations of the supplier's relevant ability, understanding, experience, skills, resource and quality measures required to provide the goods/services, with little or no supporting evidence.	3-4
SERIOUS RESERVATIONS	Satisfies the requirement with major reservations. Considerable reservations of the supplier's relevant ability, understanding, experience, skills, resource and quality measures required to provide the goods/services, with little or no supporting evidence.	1-2
UNACCEPTABLE	Does not meet the requirement. Does not comply and/or insufficient information provided to demonstrate that the supplier has the ability, understanding, experience, skills, resource and quality measures required to provide the goods/services, with little or no supporting evidence.	0

### 3.4 Price

Price will be an important factor for evaluation and will be considered separately from other criteria. If a Respondent offers a substantially different price from other proposals, we may make enquiries or require additional evidence to verify that the Respondent is capable of meeting all the requirements and conditions of the proposed contract for the price quoted, or whether any additional elements are likely to be valuable.

### 3.5 Evaluation process and due diligence

For preferred Respondents we may:

- a. reference check the Respondent organisation and named personnel; and
- b. interview Respondents.

## Section 4: Our proposed contract

### 4.1 Proposed contract

The proposed draft contract that we intend to use for the purchase and delivery of the services is attached to this RFP.

In submitting your proposal you must let us know if you wish to question and/or negotiate any of the terms or conditions in the proposed contract, or wish to negotiate new terms and/or conditions.

The RFP response form contains a section for you to state your position. If you do not state your position you will be deemed to have accepted the terms and conditions in the proposed contract in full.

# Contract for Services



## The Parties to this Contract

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**New Zealand Productivity Commission (Commission)** (Buyer)

and

(Supplier)

The Buyer and the Supplier are each a Party to the contract and are together the Parties.

## The Contract

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The Buyer appoints the Supplier to deliver the Services described in this Contract and the Supplier accepts that appointment. This Contract sets out the Parties' rights and obligations.

### Contract documents

This Contract consists of:

- 1. this page Page 1
- 2. the Contract Details and Description of Services Schedule 1
- 3. the Standard Terms and Conditions Schedule 2

SERVICES – Schedule 2 – 2<sup>nd</sup> Edition – Published Nov 2011 available at: [www.procurement.govt.nz](http://www.procurement.govt.nz)

- 4. any other attachments described at Schedule 1.

### How to read this Contract

Together the above documents form the Contract. If there are any differences between the documents, Schedule 1 overrides Schedule 2. Clause numbers refer to clauses in Schedule 2. Words starting with capital letters have a special meaning, as stated in Schedule 2 Definitions section (clause 17).

**Acceptance** The date of execution of this Contract is the later of the two dates below.

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In signing this Contract each Party acknowledges that they have read and agree to be bound by it.

For and on behalf of the **Buyer**:

For and on behalf of the **Supplier**:

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

Name:

Name:

Position:

Position:

Date:

Date:

# Schedule 1

## Contract Details and Description of Services

<b>Start Date</b>		Reference Schedule 2 clause 1
<b>End Date</b>		Reference Schedule 2 clause 1

<b>Contract Managers</b>		<b>Buyer's Contract Manager</b>	<b>Supplier's Contract Manager</b>
Reference Schedule 2 clause 4	<b>Name:</b>		
	<b>Title / position:</b>		
	<b>Address:</b>	PO Box 8036, Wellington 6143	
	<b>Phone:</b>	+64 (4) 903 5169	
	<b>Email:</b>		

<b>Addresses for Notices</b>		<b>Buyer's address</b>	<b>Supplier's address</b>
Reference Schedule 2 clause 14	<b>For the attention of:</b>		
	<b>c.c.</b>		
	<b>Delivery Address:</b>	The email addresses provided below.	
	<b>Postal address:</b>	PO Box 8036, Wellington 6143	
	<b>Email:</b>	<a href="mailto:shelley.catlin@productivity.govt.nz">shelley.catlin@productivity.govt.nz</a> <a href="mailto:julian.wood@productivity.govt.nz">julian.wood@productivity.govt.nz</a> <a href="mailto:ben.temple@productivity.govt.nz">ben.temple@productivity.govt.nz</a>	

<b>Supplier's Reporting requirements</b>	<b>Report to:</b>	<b>Type of report</b>	<b>Due date</b>
Reference Schedule 2 clause 5	Contract Manager	Agreement about: 1) a methodology for identification of disruption scenarios; and 2) an initial set of assumptions/requirements for baseline analysis.	20 January 2022
		Initial run of model to generate indicative outputs (to be used as indicative inputs to prepare the Buyer's distributional modelling).	27 January 2023
		Discussion and interpretation of simulation model outputs, to identify disruption scenarios.	20 February 2023
		Agreement on final disruption scenarios.	3 March 2023

		Key outputs (to be used in distributional modelling) and presentation that outlines the main assumptions and interpretation of key results, for comment and peer review.	20 March 2023
		Discussion and interpretation of simulation model outputs, to understand the possible underlying drivers of distributional changes.	17 April 2023
		Final set of outputs that can be used for distributional modelling, and presentation outlining the key results.	8 May 2023
		Feedback on Commission distributional outputs and findings based on the modelling results (following publication of an inquiry draft report outlining the Buyer's broader work, initial findings and recommendations).	September 2023

<b>Supplier's Approved Personnel (optional)</b>  Reference Schedule 2 clause 2.5		<b>Approved Individual #1</b>
	<b>Name:</b>	
	<b>Position:</b>	
	<b>Specialisation:</b>	
		<b>Approved Individual #2</b>
	<b>Name:</b>	
	<b>Position:</b>	
	<b>Specialisation:</b>	

<b>Description of Services</b>
More detail is available in the Supplier's attached project scope and proposal (see attachments below).

<b>Fees</b> Reference Schedule 2 clause 3	
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<b>Expenses</b> Reference Schedule 2 clause 3	Any expenses for travel or disbursements will be agreed in advance with the Contract Manager.
<b>Daily Allowance</b> Reference Schedule 2 clause 3	No daily allowances are payable.

<b>Invoices</b> Reference Schedule 2 clause 3.2.	<p>The Supplier must send the Buyer an invoice for the fees following the successful completion of work following agreed incorporation of the Commissions peer review and feedback.</p> <p>The Supplier's invoice must be sent to: <a href="mailto:accounts@productivity.govt.nz">accounts@productivity.govt.nz</a></p>
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<b>Changes to Schedule 2 Standard Terms &amp; Conditions</b>	None
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<b>Additional clause/s</b>	None
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<b>Attachments</b> Reference 'Contract documents' described at page 12	Attachment 1. Project Proposal
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# Section 5: RFP terms

View the [RFP terms](#) dated June 2021.