

HON ANDREW LITTLE, MINISTER OF DEFENCE

Deferment of Southern Ocean Patrol Vessel Project

March 2023

This publication provides a March 2022 submission from the Ministry of Defence informing the Minister of Defence of the decision taken by Defence to defer work on the Southern Ocean Patrol Vessel project and the intent to inform industry of this decision.

The pack comprises the document entitled *Deferment of Southern Ocean Patrol Vessel Project* [MoD ref: 22-2022]. A notice published on the Government Electronic Tender Service about the deferral is also included.

This pack has been released on the Ministry of Defence website, available at: www.defence.govt.nz/publications.

It has been necessary to withhold certain information in accordance with the following provisions of the Official Information Act 1982. Where information is withheld, the relevant sections of the Act are indicated in the body of the document. Where information has been withheld in accordance with section 9(2) of the Act, no public interest has been identified that would outweigh the reasons for withholding it.

Information is withheld where making it available would be likely to prejudice the security or defence of New Zealand or the international relations of the Government of New Zealand [section 6(a)].

Information is also withheld in order to:

- protect the privacy of natural persons [section 9(2)(a)]
- maintain the constitutional conventions for the timing being which protect the confidentiality of advice tendered by Ministers of the Crown and officials [section 9(2)(f)(iv)]
- maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to Ministers of the Crown or members of an organisation or officers and employees of any department or organisation in the course of their duty [section 9(2)(g)(i)]
- enable a Minister of the Crown or any department or organisation holding the information to carry out, without prejudice or disadvantage, negotiations [section 9(2)(j)].



Submission to the Minister of Defence

Deferment of Southern Ocean Patrol Vessel Project

MoD ref: 22-2022

Type of submission:	Submission for approval	For action by:	Routine
Purpose:	To inform you of the decision taken by Defence to defer work on the Southern Ocean Patrol Vessel project and the intent to inform industry of this decision.		

Recommended actions:

- a) **Note** that in August 2020 Cabinet approved the Southern Ocean Patrol Vessel and invited the Minister of Defence to return with a Detailed Business Case by the end of 2021; Yes / No

s9(2)(g)(i)

- d) **Note** that emerging personnel pressures from other projects and operational funding pressures within NZDF resulted in work ceasing on the SOPV project in August 2021 and resources being re-deployed; Yes / No
- e) **Note** that as part of preparing this Detailed Business Case in June 2021 Defence issued a Request for Information (RFI) to industry through the Government Electronic Tendering Service; Yes / No
- f) **Note** that in accordance with MBIE guidance, and the Defence Capability Management System, Defence is required to inform industry of the outcome of any RFI process; Yes / No
- g) **Note** that Defence has prepared a draft Government Electronic Tendering Service notice to inform industry of the decision to defer the project; and Yes / No
- h) **Note** that officials are actively monitoring our strategic interests in Antarctica and the Southern Ocean, and reporting to the Joint Maritime Advisory Group at the conclusion of each Southern Ocean season. Yes / No

MINISTER OF DEFENCE
Date: 03/03/2022

ANDREW BRIDGMAN
Secretary of Defence
Date: 1/3/22

cc: **KR SHORT**
Air Marshal
Chief of Defence Force

MOD contact:	s9(2)(g)(i)	Ph:	s9(2)(a)	A/H:	
Agencies involved:					



/ March 2022

Minister of Defence

DEFERMENT OF SOUTHERN OCEAN PATROL VESSEL PROJECT

Purpose

1. To inform you of the decision taken by Defence to defer work on the Southern Ocean Patrol Vessel (SOPV) project and the intent to inform industry of this decision.

Executive Summary

2. Defence stood up an Integrated Project Team (IPT) in 2018 to investigate the benefit of investing in a Southern Ocean patrol capability. The Defence Capability Plan 2019 (DCP19) confirmed the need for a SOPV and an Indicative Business Case establishing the case for investment was prepared and approved by Cabinet in August 2020. In approving this business case Cabinet invited the Minister of Defence to return to Cabinet by the end of 2021 with a Detailed Business Case (DBC) identifying the preferred solution with a full analysis of the cost, operating expectations and benefits.

3. As part of preparing this DBC Defence issued a Request for Information (RFI) through the Government Electronic Tendering Service (GETS) in June 2021. This solicited information from industry to inform the Detailed Business Case development.

s9(2)(g)(i), s9(2)(f)(iv)

5. DCP19 had an indicative Capital budget for the SOPV of [REDACTED] s9(2)(f)(iv), s9(2)(j) [REDACTED]. The Indicative Business Case indicated the probability of costs aligned with that forecast. If a DBC had been completed and submitted to Cabinet, the next stage would have been to release a tender. [REDACTED] s9(2)(g)(i) [REDACTED]

6. Emerging personnel pressures from other projects and operational funding pressures within NZDF resulted in work ceasing on SOPV in August 2021 and resources being re-deployed.

Comment

7. When issuing an RFI on GETS Defence receives responses from industry at no cost, despite the work that companies put into preparing their responses. Therefore, it is important that Defence treats these responses appropriately. In line with this, MBIE developed GETS

practice guides and the Defence Capability Management System (CMS) both require that a notice be placed on GETS regarding the outcome of the process as soon as practical. This has not yet taken place with regards to the SOPV RFI [REDACTED] s9(2)(g)(i)

8. In order to preserve Defence's relationship with industry and to maintain their interest in responded to future RFIs and tenders, we need to urgently put a notice on GETS informing industry of the decision to defer work on the SOPV project. A draft GETS notice has been prepared and is attached to this submission.

The Future of SOPV

9. The project has been deferred, not cancelled. If fiscal and other conditions were to change, the project could be resumed. We estimate that from mid-2022, a DBC would take at least 9 -12 months to produce once the project is restarted, and this would probably involve another RFI to obtain updated cost data.

[REDACTED] s9(2)(g)(i)

Southern Ocean Presence and Surveillance

11. Deferring work on the SOPV project will mean the continuation of current limitations on naval patrolling in the Southern Ocean. Air patrols and surveillance by other means are continuing. [REDACTED] s6(a)

12. While HMNZS AOTEAROA has recently completed a successful resupply operation to the US base at McMurdo and Scott Base, as a replenishment tanker AOTEAROA is unsuitable for patrol operations.

Next Steps

13. Defence is planning to upload the attached GETS notice informing industry of the decision to defer work on the SOPV project, if approved by you. Defence will inform key interested Government agencies of the intent to upload this notice in advance of doing so.

14. Defence have prepared a set of key points for your office to use should they wish to engage with counterparts on this decision. These are also attached.

Recommendations

15. It is recommended that you:

- a. **Note** that in August 2020 Cabinet approved the Southern Ocean Patrol Vessel Indicative Business Case and invited the Minister of Defence to return with a Detailed Business Case by the end of 2021;

[REDACTED] s9(2)(g)(i)

- d. **Note** that emerging personnel pressures from other projects and operational funding pressures within NZDF resulted in work ceasing on the SOPV project in August 2021 and resources being re-deployed;
- e. **Note** that as part of preparing this Detailed Business Case in June 2021 Defence issued a Request for Information (RFI) to industry through the Government Electronic Tendering Service;
- f. **Note** that in accordance with MBIE guidance, and the Defence Capability Management System, Defence is required to inform industry of the outcome of any RFI process;
- g. **Note** that Defence intends to place a notice on the Government Electronic Tendering Service to inform industry of the decision to defer the project, and
- h. **Note** that officials are actively monitoring our strategic interests in Antarctica and the Southern Ocean, and reporting to the Joint Maritime Advisory Group at the conclusion of each Southern Ocean season.



Andrew Bridgman
Secretary of Defence

Released by the Minister of Defence

Annex A: Draft Government Electronic Tendering Service (GETS) notice

s9(2)(g)(i)

GETS Notice:

Southern Ocean Patrol Vessel Project (SOPV) - Request for Information Update

The Southern Ocean Patrol Vessel project was initiated to examine and assess the value of an ice-capable vessel that would provide dedicated patrol and support capabilities in Aotearoa New Zealand's Exclusive Economic Zone, the Southern Ocean, and the Ross Sea.

In 2021, the Ministry of Defence undertook a formal Request for Information (RFI) with industry to support the development of a business case for a new Southern Ocean Patrol Vessel. In light of the ongoing impact resulting from COVID 19 further work is not being undertaken at this stage as Defence seeks to confirm investment priorities and to reprioritise resources.

Released by the Minister of Defence