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Major General Grant Cavenagh
Head Land Systems (HLS)
Defence Materiel Organisation
Victoria Barracks (VBM-AG-22)
256-310 St Kilda Road
MELBOURNE VIC 3001

Dear General Cavenagh

PTS acknowledges electronic receipt of your letter dated 21 July 2010 containing the findings of the Inquiry conducted in response to the request from PTS that its offer of the P2 vehicle against the PMV-L RFP be re-considered. The findings of the Inquiry are deficient and some of these are listed in the appendix to this letter.

Because of these deficiencies and the strong possibility that the ADF's troops will be denied access to a vehicle that offers superior protection, built in a long standing Australian manufacturing facility from Australian materials and components and supported throughout Australia by systems established for supporting the trucks sold by the manufacturing organization; **PTS requests an Independent Internal Review, as in Defense Procurement Policy 5.7b paragraphs 14 to 18.**

PTS is aware of the executed statement [included in the Response to the RFP] signed by its officers familiar with the Australian legal system. Yet it seems that many of the statements included in the PTS RFP Response were simply dismissed out of hand. For each of the matters raised by DMO as the basis for rejecting the PTS RFP Response there was sufficient information to form conclusions, though the information may not have been in the requested place or in an unusual format. It would be unfortunate if the DMO evaluation process is designed to always identify the best presented proposal, but not necessarily the best product.

If further information is required to support our request for the review, please contact me.

Derek Andrews
Executive Chairman
Protected Transport Systems Pty Ltd

30/7/2010

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Appendix to letter to Major General Cavenagh 29 July 2010

1. In the summary of the issues contained in the Review of PTS's Complaint [refer to point 6.b] it quotes: "Compared with the information provided by PTS, the technical assessment seems to be seriously deficient" unquote.

In its response to the debrief provided by DMO, dated June 30, 2010 PTS dealt with three statements from the debrief as examples of where the DMO evaluation team had drawn completely wrong technical conclusions from information provided in the PTS Response as proof that its claims that the statements made by the DMO Project Manager were simply wrong:

- a. The grade-ability of the P2 vehicle (supposedly could not meet the requirement when it exceeded it!)
- b. The P2 could not meet side slope requirement when it met (and actually exceeded it)
- c. The P2 did not meet the ROPS requirement when it did in fact meet this.

The above were not dealt with in the report and there is no basis for the claim in paragraph 26 of the report that quotes: "I am of the strong view that the process was sound and there is no basis for reconsideration of the Commonwealth's decision to decline PTS's RFP proposal" when such obvious and totally incorrect statements were made by Mr. Butler to support DMO's decision to reject the PTS offer?

If basic, but important mistakes such as the above were made (and possibly others that PTS may not be aware of), and the report did not consider it important enough to investigate these; then little value can be attached to the evaluation conclusions arrived at by the technical evaluation team and also to the inquiry into the processes used by the technical evaluation team.

2. A notable omission in the report is the statement made by Mr. Butler in the debrief, that PTS had not provided the local content information for the various vehicle variants. In its letter dated June 30, 2010 in the section headed, PTS Evaluation Feedback from DMO, PTS points out to DMO where it provided this information in its Response, refuting Mr. Butler's statement. Interestingly this is apparently not important enough to be dealt with in the inquiry notwithstanding that the premise for PMV-L is that it was supposed to be a locally manufactured product and the DMO evaluation team had stated that this important information had not been provided by PTS. There was also a contention that there was insufficient information provided to support the local content claimed. Did the evaluators need a statement that the steel, tyres, rims, fuel tanks, armour glass, radiators, batteries, alternators piping and hoses, seats etc. are available and made in Australia? That the Cummins engine is available from Cummins Australia and the Allison gearbox is available from Allison's Australian distributors? Instead in the RFP Response PTS identified the total non local components and subtracted that from the total price. The information supplied was both accurate and sufficient.
3. How can due process have been followed when according to the findings under paragraph 19 quote: "The Proposal Evaluation Report expressly recognizes his experience in the design and development of blast and ballistic protection solution for military vehicles" unquote, and the head



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of Land 121 Ph 4 Evaluation team, Ken Butler, advised PTS that Koos de Wet has “no significant armour experience” which the DMO evaluation team identified as a “critical deficiency”. If, as according to your report, the evaluation underwent scrutiny by a one star/Brigadier led evaluation board and a steering group made up of the CEO DMO, Chief of capability Development Group and Chief of Army, this statement by Ken Butler that “Koos de Wet has no armour experience” must then logically also have been endorsed by them as Ken Butler would surely have been present at those reviews! So which is the truth – Ken Butler’s statement or what is in the Proposal Evaluation Report and which version was used in deciding to reject the PTS offer?

4. Paragraph 19 of the report states that, quote: “However, little or no information was provided as to Mr. de Wet’s previous experience in the manufacture and support of vehicles or the management of military programs which the relevant proposal data requirements sought to elicit to meet a number of the Evaluation Criteria” unquote. PTS’s position is that the following does not support this finding:
 - a. PTS clearly stated in its Response that Mr. De Wet had project managed the Bushmaster Project from its redesign through to industrialization.
 - b. PTS clearly stated in its Response that Mr. De Wet had managed the design, development and industrialization and building of the protected cabs used by the ADF on its Unimogs and Mack Trucks. (Is it possible that internal DMO communications are so poor that the Land 121 Ph 4 Project Team was not aware of Mr. De Wet’s project management experience when a Senior DMO Manager had personally thanked him in writing in August 2005 for managing the on time delivery of the Unimog protected cabs acquired by DMO in a rapid acquisition programme in 2005? All the Unimogs with protected cabs were delivered by the Christmas 2005 deadline as contracted under his project management and leadership and this should be on record within DMO!)
 - c. PTS stated in its Response that Mr. De Wet had re-designed and project managed the Chubby mine detection systems in South Africa and had subsequently been contracted by DMO to assist with their contract negotiations whilst he was still employed by ADI, when they negotiated a contract with the (South African) company for which he had done this work previously for the supply of a number of Chubby systems for the ADF.

Is PTS expected to believe that with all the above information available to the DMO Evaluation Team they could make the statements they did about Mr. De Wet’s supposed lack of project management experience and the Inquiry saw no reason whatever to question that statement?

5. The Inquiry did not investigate the correctness or otherwise of the following Mr. Butler offered as reasons why the PTS offer was rejected and to which PTS provided detailed responses in its letter of June 30, 2010:
 - a. Past Performance
 - b. Overall compliance
 - c. Technical, Functional, Performance requirements
 - d. Proposed Financial, Capability, Technical Etc
 - e. Indicative Prices /Pricing Structure
 - f. Work performed in Australia



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Paragraph 8 of the Inquiry states that, quote: ‘They also include the following material which I have reviewed, and where appropriate, addressed in this response’ unquote. Must PTS deduce from this that the serious, incorrect or unfounded statements made by Mr. Ken Butler in his debrief and which PTS responded to in its letter of June 30, 2010 and repeated for the record against 5.a though 5.f above were not considered “appropriate” enough for investigation? There were a number of very serious mistakes or wrong conclusions in what Mr. Butler told PTS as would be obvious from the PTS letter of June 30, 2010 so PTS finds it puzzling and unacceptable that these were either not fully investigated or only partially investigated.

6. Whilst the DMO Project Manager and other members of the DMO team present at the debrief, according to your Inquiry findings, recollect that Mr. Butler used the term “misled”; the term “deliberately misled” was used by Antoine Le Reveur when referring to the financial information provided by PTS on GWCH.
7. The original claim that pricing was omitted seems to be settled, with the reference to prototype pricing as covered in the separate letter from Ken Butler and the statement that a one line pricing statement for the trailers is not adequate for the evaluators. PTS submits that if DMO wanted to purchase a trailer it could phone an off road trailer supplier, read off the specification and receive a total fixed price probably on the spot or at least in writing in a day or so. As to Mr. Butler’s letter attached it may not adequately explain how a price of \$ 8.2 million for 6 prototypes is unimportant when there were 3 contracts let for \$ 9 million each to acquire 2 prototypes from each of the suppliers [according to press reports]. That is \$27 million for the total of 6 prototypes.
8. As outlined in the Debrief response and in the PTS Response to the RFP; there was sufficient information in the Response to the RFP to determine that production schedules existed and could be met, that the appropriate manufacturing capability existed, that the C4 requirement was included as was the in service support.
9. The statement in the debriefing in response to a question; that better levels of protection would not be considered as providing greater benefit over vehicles that just met the requirements; is of concern. It would seem that this way of assessing the benefits of increased protection is contrary to DMO’s mission.

Considering the above, PTS cannot accept the statement that quote, “based on my review of the Complaint, the materials I have read and the evaluation that was undertaken, I am of the strong view that the process was sound and there is no basis for a re-consideration of the Commonwealth’s decision to decline PTS’s proposal” unquote.

PTS’s position remains unchanged and it therefore seeks an Independent Internal Enquiry that examines all the documentation, statements and correspondence associated with this matter.

PTS challenges DMO to prove the Protector 2 offer is not equal to or better than any of the 3 short listed.

Derek Andrews.



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2010/1069562
OP/OUT/2010/483

Mr Koos De Wet
Protected Transport Systems Pty Ltd
GPO Box 514
BRISBANE QLD 4001

Dear Mr De Wet

This letter is in reference to the Protected Transport Systems' debrief provided by the LAND 121 Phase 4 Project Office on 9 June 2010 with respect to the Protected Transport Systems response to our Manufactured and Supported in Australia Request for Proposal, LAND 121 PH4 01/09.

During the debrief, and amongst other things, we provided feedback that there were information gaps in your proposal and you expressed surprise at this. In particular you said that you had specifically provided separate pricing for prototype vehicles.

Immediately following the debrief, we re-examined the original and first duplicate copies and one electronic copy of your proposal and we found that:

- the original hard copy and first duplicate hard copy of the proposal contained a single page headed "Addendum No 1" which set out a lump sum figure for the "supply of 6 Protector Two prototype vehicles;"
- Addendum No 1 document had not been included in the soft copy; and
- no copy of the Protected Transport Systems proposal contained pricing broadly relating to trailers or through life support, including support of prototypes.

Members of the relevant evaluation group confirmed that they had not seen Addendum No 1 and as a consequence it had not been taken into account in the evaluation against Evaluation Criteria Six: the indicative prices and pricing structure.

We completed the examination of all copies of your proposal over the two days following the debrief and discovered another six instances where you had included information in the hard copies which had been omitted from the electronic copies and vice versa. However, in all of these cases evaluation records confirm that the omitted material was reviewed and considered by the relevant evaluation group in the normal course of evaluation, owing to the fact that the evaluation groups relied on a mixture of duplicate hard and electronic copy extracts from your proposal copies.

The finance members of the evaluation group were then directed to reconsider their evaluation findings in light of Addendum No.1, which they did over the course of Thursday 10 June 2010. Specifically they:

- examined and considered Addendum No.1 and the extent of the pricing information contained within it, and revisited the pricing material they had originally considered;

- revisited the evaluation worksheets prepared at the time and the Proposal Evaluation Report, including their specific contributions to that report; and
- reconsidered their assessment of compliance, deficiencies, levels of confidence and risk against Evaluation Criteria Six, taking into account the additional pricing information contained within Addendum No. 1.

The unanimous finding of the finance members of the evaluation group is that the admission of Addendum No.1 into the evaluation **has not** altered their overall assessment of the Protected Transport Systems proposal or their assessments of Deficient Critical and Extreme Risk against Evaluation Criteria Six. The reasons for this are:

- the lack of detail and robustness in the construction of the pricing provided, including in Addendum No 1; and
- the remaining lack of pricing for spare parts, ILS, support, training, prototype support and separate trailer pricing.

As Proposal Evaluation Group Manager, and as Project Director, I have maintained a close supervision of the processes outlined in this letter, the further activities of the financial members of the relevant evaluation group in relation to Addendum No 1 and the outcome of their reconsideration and I am satisfied as to all three.

The processes, activities and outcome have also been closely monitored by the project legal process advisor.

I am happy to discuss this issue with you and your team in person if you so desire. I have also sent a copy of this letter to Mr Derek Andrews.

Yours sincerely



K.W. BUTLER

Project Director – LAND 121 Phase 4

DPM-07-024

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25 June 2010