Recommendation to Proceed to Contract Award

Healthy School Lunches Alternative Provision Model – 2026 Contributing Primary Schools
MOE30205

Date: 15 October 2025

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Prepared by:	9(2)(a)
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Contents

Reference Documents

Document Name
Procurement Plan [Procurement Plan - School Lunches - 2026 Contributing Primary Schools - 17 July 25.docx].
Evaluation Recommendation Report [Evaluation Recommendation Report - 2026 Contributing Primary Schools.docx]

Conflicts of Interest

Conflicts of Interest
By submitting, endorsing, or approving this Recommendation Report, the Procurement Lead, Procurement Reviewer(s), Procurement Manager, Procurement Owner, and Business Lead or Sponsor confirm that they have no conflicts of interest to declare. Should any conflicts exist, they have submitted an updated Conflict of Interest declaration outlining any potential conflicts. Probity: The Probity Auditor has verbally advised they have not identified any probity concerns at this stage of the procurement process. Based on the Evaluation Recommendation Report, a draft probity report has been prepared; no probity issues are noted at this time.

Approvals

Recommendation endorsement

Approval of recommendation to proceed to contract by business owners/project sponsors			
Approval that negotiations held following initial shortlist have satisfied the Ministry's requirements, and recommendation to proceed to contract is supported and endorsed. This follows the recommendation to proceed to negotiation which was signed by the evaluation panel to confirm that that all bids were evaluated as planned and a consensus decision reached to hold initial negotiations.			
Name:	**Position / title:**	**Signature:**	**Date:**
Andrew Gibson	Programme Director- Ka Ora Ka Ako	Andrew Gibson	16/10/25
Lynda Pura-Watson	General Manager - Ākonga and Community Delivery		16/10/25
Sean Teddy	Hāutu Te Pae Aronui	Via email	17/10/2025

Approval of the recommendation

Ministry Procurement		
Approval:	The evaluation of bids and subsequent negotiations have been carried out as planned and the final recommendation accurately reflects the recommendations conclusions.	
Name:	Aditi Cook	
Position/title:	Chief Procurement Officer	
Signature:		**Date: 15 Oct 2025**

Acceptance of the recommendation and authority to proceed to contract Award

Project sponsor / business owner Calibri		
Approval to:	Accept recommendation/s and proceed to contract award with the recommended suppliers	
Name:	**Andy Jackson**	
Position/title:	Te Tumu Whakarae mō te Mātauranga | Secretary for Education (Acting)	
Signature:		**Date:** **17/10/2025**

Purpose

The purpose of the report is to seek approval to proceed to contract award with following suppliers, for the provision of lunches to circa 196 external model contributing primary schools for the 2026 school year:

1. E2 Santos & Appresso Catering Ltd T/A Appresso Catering
2. 9(2)(a) Café Mahia
3. Ka Pai Kai Aotearoa Ltd
4. KDJ Catering Limited
5. Knuckles T/A The Food Company
6. PPO (Corporate) Ltd T/A Mammoth Brands
7. Montana Catering (2001) Ltd T/A BiteLab and Lunchy
8. Star Hospitality Group Ltd T/A Star Fresh (formerly Kāpura)
9. The YMCA of Gisborne District Incorporated T/A The Y Gisborne
10. University of Canterbury Student Association T/A On Campus

The appointment of multiple regional suppliers enables the programme to be sustained locally and encompasses all aspects of the Programme requirements, ensuring the provision of nutritious and healthy lunches are delivered accurately, safely to ākonga of participating contributing primary schools. These providers are already established in their respective regions, and most have long standing trusted relationships with schools.

This recommendation report builds upon the approved Procurement Plan, Request for Proposals, and Evaluation Recommendation Report and outcomes of the preliminary negotiations.

Background

The Ministry's Ka Ora, Ka Ako | Healthy School Lunches programme currently supports ~240,000 children and young people caused by food insecurity. On 8 May 2024 the Government announced a change for Ka Ora, Ka Ako | Healthy School Lunches Programme as part of Budget 2024 (refer to Changing the Provision Model for the Ka Ora Ka Ako Healthy School & CAB-24-MIN-0131.01).

This introduced an Alternative Provision Model for Year 7+ learners (APM), from Term 1 2025, that:

- Enabled the Government to provide lunches at lower cost than the previous model;

- Could operate alongside existing or supplementary programmes such as the current 0-6 provision model, Kick start breakfast programme, KidsCan and Fruit in Schools.

A further Cabinet decision on 30 September 2024:

- Added Year 0-6 learners from composite, full primary and secondary schools into the APM for the 2025-26 school years
- Approved contributing primary schools joining the APM in 2026.

Under the changes the approved funding for external model schools is $3 per lunch per learner.

An open Request for Proposals (RFP) process was undertaken in July 2025 to formally request supply options for external model Contributing Primary Schools for 2026.

The 2026 budget for the supply of lunches to external model contributing primary schools is $29M, which excludes any distribution or logistics (small and isolated) funding for certain schools. Any costs associated with schools or school resourcing are also excluded.

As per the procurement plan, there was always a concern that the requisite coverage may not be met especially with the $3, hence alternative proposals were also invited. This approach gives the team the ability to work with suppliers (compliant and non-compliant) to secure provision of services for the programme.

The Evaluation Panel recommended the following evaluated suppliers to be shortlisted for negotiations:

- E2 Santos & Appresso Catering Ltd T/A Appresso Catering
- Ka Pai Kai Aotearoa Ltd
- KDJ Catering Limited
- Montana Catering (2001) Ltd T/A BiteLab and Lunchy
- Star Hospitality Group Ltd T/A Star Fresh (formerly Kāpura)
- 9(2)(b)(ii)

The evaluation panel had reservations around the viability of the proposals of the following suppliers and they were not recommended to be shortlisted for negotiations without further clarifications being undertaken:

9(2)(b)(ii)

- The Y Gisborne

9(2)(b)(ii)

Following clarifications The Y Gisborne, submitted an alternative non-conforming price point for consideration. 9(2)(b)(ii) provided additional information to support their proposal as a consortium.

Initially, as there was sufficient national coverage, some suppliers, due to their proposed pricing, were not evaluated. These were Mammoth Brands (consortium Pita Pit, tuckr & Subway), UCSA, Knuckles Ltd T/A The Food Company and 9(2)(a) Café Mahia.

However, it is noted by the panel that they may be needed for coverage and as such may be brought into direct negotiation if there is rationale to support their use across areas that cannot be covered by other providers as specified as an option in the procurement plan.

The purpose of the preliminary clarifications and negotiations was to:

a. Better understand risks and being able to mitigate these early.
b. Ensure the feasibility of the proposal against the preferred scenarios.
c. Inform decision making through gaining a deeper understanding of each providers capability and limitations.
d. Enhance the negotiation position by establishing key terms that can guide final negotiations.
e. Ensure best possible options have been vetted and align with requirements.

Outcome

Discussions with suppliers have identified strengths and concerns for individual suppliers and these have been assessed to determine the team's confidence in their capability for the 2026 programme. Following a number of clarifications and negotiation sessions with suppliers, the final list of recommended suppliers is:

Supplier	9(2)(b)(ii)	Region/Area
Appresso Catering	[redacted]	Auckland
Montana Group		South Auckland, Waikato
KDJ Catering		Taranaki/Whanganui/Manawatū
Star Fresh		Wellington
Ka Pai Kai		Bay of Plenty
UCSA		Christchurch City
Knuckles T/A The Food Company		Hawkes Bay
The Y Gisborne		Gisborne
Mammoth Brands		Far North, Nelson/Marlborough, Canterbury, Otago/Southland
9(2)(a) [redacted] **Cafe Mahia**		Wairoa (Hawkes Bay)

Affordability

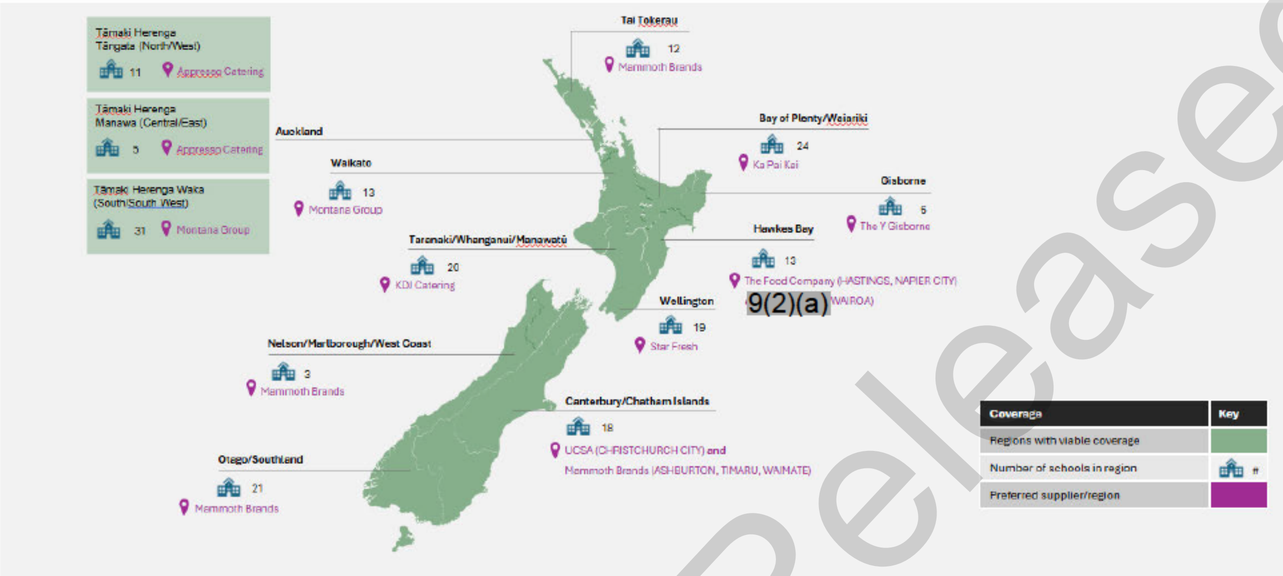
The Ka Ora, Ka Ako Finance team has undertaken modelling to confirm:

Price description	Average
Weighted average meal cost (excluding distribution and logistics) for full roll	$3.46/meal
Weighted average meal cost (including distribution and logistics) for full roll	$3.61/meal
Total cost at full roll (51,355 meals) for 191 days (excluding distribution and logistics)	$33,938,465
Logistics - Small & Isolated Funding	$158,836
In School Distribution Funding	$1,288,362
TOTAL	**$35,385,663**

The total price for the programme for 2026 is $6,385,663 over the allocated budget of $29 million. Programme finance has advised that the increased cost is able to be absorbed within the current budget due to year-to-date cost savings from ordering to attendance.

In order to secure national coverage, the programme had to consider proposals ranging from $3.00 to $5.00 per meal. As many of the schools are in remote areas, the logistics and distribution costs had to be factored in addition to the meal price. Securing supply for these schools has meant that the $29 million, (based on $3 per meal) was no longer sufficient for the delivery of the programme in 2026.

Coverage map



With the above suppliers, Ka Ora, Ka Ako has full national coverage for the contributing schools for 2026.

Due Diligence

Due Diligence	Assessment
Performance issues	All recommended suppliers are existing suppliers. Their performance in the programme was assessed. No material issues identified.
Price viability	Through clarifications and negotiations, detailed breakdown of price make up was interrogated, including profit margin. Their ability to absorb cost escalation (CPI, living wage, food price) in 2026 was also validated. All suppliers in the programme have a sustainable model for 2026.
Meal nutrition, menu viability, management of dietaries	Through clarifications and negotiations, detailed discussion about how each supplier would address menu fatigue, work within nutritional standards, test food with students and manage the production and distribution of special dietary meals was tested and validated. All suppliers in the programme have robust plans in place for maintaining nutrition standards, allowing for regular meal rotation to combat surplus and strict allergen controls to reduce or remove cross-contamination incidents.
Business continuity and	All suppliers have reasonable contingency plans and these were tested and validated through the clarifications and negotiations.

single point of failure	
Financial viability	Centrix reports have been reviewed, and the risk of all suppliers is as expected for the size of the suppliers in this sector. The Programme will need to monitor the financial health of the companies on a regular basis. The risk is further mitigated by the short-term nature of the contract.
Management of Vulnerable Workers	Vulnerable worker legislation applies to many staff employed by existing suppliers, and as such there are impacts for all suppliers both existing and new. The extent of this is not yet known, however, in terms of responsibility, suppliers do have legal obligations under the Employment Relations Act 2000 in relation to transferring vulnerable employees. From a Ministry perspective, legal input has been sought to clarify what if anything the Ministry's legal obligation is, with the position being that while the Ministry itself does not have a legal obligation we will want to work closely with any successful suppliers to understand what it looks like. Where vulnerable employees are employees of a school (which will depend on the old delivery model) the Ministry does have an obligation to ensure the legal obligations of the Act are complied with. Where suppliers are changed but services continue – there might be an obligation on them, the Ministry itself doesn't have a specific legal obligation. Ensuring any new suppliers comply with legislation is a contractual consideration, to ensure we have confidence that they can and will meet their legal obligations to any impacted vulnerable workers.

Contract Management

The successful suppliers will be contracted under a Services Agreement. Agreements have been updated to reflect the APM requirements as described in the RFP. Contract Management will be led by the Programme Commercial Manager to the Agreement Service Levels and aligned to the Ministry contract Management Framework.

Recommendation

Based on the clarifications received and the negotiations undertaken, the recommendation is to move to contract award with the following suppliers:

1. E2 Santos & Appresso Catering Ltd T/A Appresso Catering
2. 9(2)(a) [redacted] Café Mahia
3. Ka Pai Kai Aotearoa Ltd
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Appendix A: Summary of preliminary negotiations

Summary of each short-listed supplier's relative strengths and weaknesses

#	Supplier	Strength	Weakness	Mitigation
1	Appresso Catering	Can realise production and kitchen efficiencies at 1000 lunches/daily. 2026 provision, end-to-end will be handled directly by Appresso brand & governance. Prior experience in the programme and ability to work through challenges (working with Ministry to increase uptake).	For food delivery and packaging to remain consistent with current offering they will need to alternate sandwiches and wraps more with the hot meals to maintain the price.	Meal nutrition and menu will be able to be managed through the contract. Have strong relationships with Ministry nutritionists in working through menus.
2	9(2)(a) [redacted] Café Mahia	Long-standing experience working with schools with several logistical concerns as well as high student needs. Strong allergen control and food distribution protocols to ensure meals get to the right students.	Small business in a remote area, business and contingency planning needs robust consideration.	Understands the nuances of the area (i.e. weather events), has strong BCP for kitchen production, staffing and delivery.
3	Ka Pai Kai Aotearoa Ltd	Quarterly fixed pricing for kai has been agreed to with suppliers. KPKA have other forms of revenue that support financial outcomes and regular reporting and accountability to their Board. Strong regional provider with established relationships with schools. The overall addition of number of schools along with the travel cost for a wider radius makes it less likely that cost increases will be an issue. Supplier has high accountability - holds no	Price allows for only a small margin, but they expect to break even. 9(2)(b)(ii) [redacted]	The overall addition of number of schools along with the travel cost for a wider radius makes it less likely that cost increases will be an issue. Supplier has high accountability - holds no debt and reports monthly to their Board on solvency.

		debt and reports monthly to their Board on solvency.		
4	KDJ Catering Limited	School lunches is not primary business. They have other government and catering contracts for revenue and facilities access. Distribution with Gilmours is assured. Strong relationships with schools and established processes for onboarding new schools.	Some discussion about out-of-scope schools. Removal of schools with larger rolls could mean that 90% of roll gives them very little contingency. Greater comfort with 95% of roll.	Manage suitable level of uptake through the contract.
5	Knuckles T/A The Food Company	Experience in the programme since the very first trial with very strong relationships with schools in place. Expansion of catering side of business will help to support the school lunch side so that programme won't be operating at a loss.	Reduction in labour will be a change for this suppliers' schools. Addressing menu fatigue and meal variety less of a focus.	Ministry assurance and accountability in conveying this messaging to schools to ensure suppliers can maintain their strong relationships. Ministry to work with supplier through contract to address meal fatigue and menu variety to ensure waste and surplus KPIs are met.
6	Mammoth Brands	Flexible in solutions they can offer (national vs regional). Franchisees can tailor menu to cater for individual schools while remaining within agreed within nutritional guidance. Connection that franchisees build with their local schools is valuable.	Anticipating cost escalation in 2026. Final price negotiated increased from tender price to be able to cover the requisite areas. 9(2)(b)(ii) [redacted]	Price is fixed and all-inclusive based on robust modelling to address inflation. Travel cost also fixed, and delivery routes mapped out. 12 schools affected by the travel cost. Proposal excludes schools not in scope/schools they currently cater to.
7	Montana	Have buying power and leverage within the wider business and other revenue streams to not be a loss leader.	Moving away from whānau style to individual meals in Waikato. 9(2)(b)(ii) [redacted]	Intends to undertake careful management and communication of change to serving. Expansion is not required as coverage in

		Individual hot meals, no cold meals. Coverage selected to work within their means at the price point and maintain the strong community relationships they already hold.	9(2)(b)(ii) [redacted]	other areas is assured for the 12-month term.
8	Star Fresh	9(2)(b)(ii) [redacted] Continuing whānau style catering where they see minimal waste due to the buy-in they get from teaching staff who then see the results in the classroom.	New schools may not be used to whānau style catering, so education and robust onboarding is required. 9(2)(b)(ii) [redacted]	Confident in onboarding new schools and introducing them to a new supplier and way of receiving, serving the food. 9(2)(b)(ii) [redacted]
9	The Y Gisborne	Established in the community, know what their student base likes to eat. Have good relationships with suppliers to leverage so that their costs are mainly time and labour.	9(2)(b)(ii) [redacted] Pricing negotiated so that supplier is not running programme at a loss.	Little options for Gisborne other than an in-region supplier. Pricing is reasonable to ensure supply to the region. In increasing the price, the supplier will be able to continue with a dedicated facility for the programme.
10	University of Canterbury Student Association (UCSA)	Fit for purpose site with robust kitchen production and distribution systems and processes to be very confident in their product. Will be able to make a small profit. Strong relationships with their schools and suppliers.	In removing delivery to classroom and switching to bulk school delivery, note that this increases cross-contamination risk.	Class, name, number, meal size on an individual stickered box. Would work through roles and responsibilities regarding distribution, portion size and cross-contamination directly with schools.