



10 The bid evaluation process

The bidding process is a competitive tender, so your bid will be compared to the bids of other land managers wanting to participate in the Project. There is a strict process that is followed in evaluating bids as follows:

Step 1: After the bid application closing date is passed, the tender box containing all submitted bids is opened.

Step 2: Each submitted bid is given a code to ensure that the ensuing evaluation process is conducted with complete anonymity. This code is the only identifier for a bid until after Ministers have made their approvals.

Step 3: Bids are checked to ensure the bid forms have been correctly completed and then information from each bid is entered into a database. Where errors are identified you will be contacted and required to sign off on any amendments required.

Step 4: Data pertaining to each individual bid is then entered into an “evaluation spreadsheet” which is ultimately used by the evaluation panel in making its recommendations. The spreadsheet records a range of information against each bid including the code number, CVS, total bid price, CVI (CVS ÷ total bid price), inverse CVI (bid price ÷ CVS), area (by State as per State and Transition Model), length of contract, covenant (yes or no), bid price per ha, bid price per hectare per year, unimproved capital value of the land and cumulative CVS.

Step 5: The data in the spreadsheet is then sorted by the CVI column from highest to lowest. The CVI represents the amount of environmental outcome to be purchased per dollar sought.

Figure 5: Example of how bids are ranked according to CVI from highest to lowest

Property id	CVS	Bid price	CVI (CVS/\$)	\$/CVS	Cumulative CVS
	554	\$ 10,500	0.052762	18.95	554
	375	\$ 7,500	0.05	20.00	929
	827	\$ 18,823	0.043936	22.76	1,756
	279	\$ 7,100	0.039296	25.45	2,035
	96	\$ 3,000	0.032	31.25	2,131
	275	\$ 9,000	0.030556	32.73	2,406
	1129	\$ 40,032	0.028202	35.46	3,535

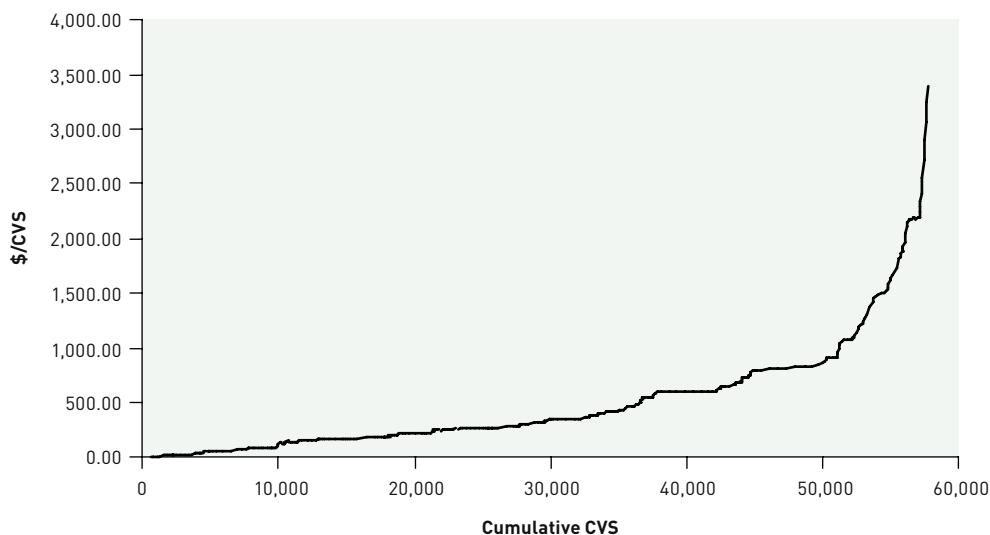


Step 6: Using the data as depicted in the two shaded columns, a marginal cost curve is derived which becomes a very important element in the evaluation of the bids. The \$/CVS when graphed against the cumulative CVS gives an indication of the dollars that must be spent in order to purchase an additional unit of conservation outcome or environmental service. In the graph below, it can be seen that there is a point on the graph after 50,000 on the bottom axis where the amount that has to be spent in order to purchase an extra unit of environmental service jumps significantly.

Step 7: At evaluation panel meetings an independent probity adviser is present. The evaluation spreadsheet and the marginal cost curve forms the basis for the assessment of bids.

Step 8: After undertaking its own check of the data, the evaluation panel begins by looking at the marginal cost curve and the point at which the curve increases its gradient significantly. If there are no other budgetary constraints that influence what bids can be funded, the above point may become the cut-off point and bids ranked lower than the bid corresponding to the cut-off (higher on the graph) may not be recommended.

Fig 6: Example of a Marginal Cost Curve





Step 9: The Panel then goes through the remaining bids looking for anomalous bids where for example the \$/hectare price compared to other bids might be excessive, or the cost of the bid is very large in comparison to the unimproved value of the land.

Step 10: The Evaluation Panel agrees on a recommended list of bids and prepares advice to Ministers which includes information on the process and a summary of the bids in terms of hectares to be purchased, average bid price, and other summary information.

Step 11: Before the advice goes to Ministers it is considered by Departmental Executives who can ask further questions about the process and outcomes.

Step 12: Ministers receive the agreed list of recommended bids, still encoded, and make the final decision on which bids are funded.



▲ **Ranunculus lappaceus** (Photo: Environmental Stewardship)

Successful bids

If successful, you will be offered a contract with the Australian Government. You will receive a copy of the contract template at the time of the site assessment for your information. The contract will require you to carry out the agreed management actions and submit annual reports in order to receive yearly payments for the life of the contract. It is intended that payments to you would be made in March/April each year, but this may vary.

Unsuccessful bids

The bid round is a competitive tender process – so not all applications will be successful. If unsuccessful it is likely that the quality of the site as it relates to the bid price was not as competitive as others in the bid round. It certainly does not mean that a site does not have conservation value.

Unsuccessful land managers may reapply in any subsequent bid rounds. However, it should be noted that no decisions have been taken at this time as to whether there will be subsequent rounds for box gum grassy woodland in your region, so **if you are contemplating participation in the Project you are advised to participate in the current round.**

Alternatively, if unsuccessful, you may wish to discuss with the Delivery Agents if there are alternative funding options to assist with the conservation of the site.