



## 9 Developing a bid

In order to bid in the Box Gum Grassy Woodland Project you will need to complete a bid application form that will be provided by the field officer, after site assessments have been completed and a management plan agreed.

As previously discussed, there are both active and passive management activities that land managers are required and/or may opt to undertake to restore their box gum grassy woodland. The Australian Government does not expect to incur substantial costs for passive management that retains the status quo such as retaining standing timber, bush rock or fallen timber. However, it is prepared to cover the cost of profits foregone by a business as a result of adopting these practices, where the total bid price provides value for money.

On the other hand, active management such as fencing to control total grazing pressure, weed control, re-planting of native vegetation, re-location of watering points, feral animal control are measures that are more expensive and the Australian Government is prepared to consider realistic payment for these activities, including any opportunity costs associated with strategic grazing management, where such payments provide value for money in terms of environmental outcomes.

In addition, any costs that you incur in developing a bid through travel, solicitors or financial advisers fees, or the cost of public liability insurance required under the contract, or in undertaking monitoring (eg a camera) or covenanting, may be included in your bid.

The possibility of running workshops to assist you to better understand the bidding process is being considered. Further advice will be provided in newsletters if, and when, these can be organised. Please note, these workshops will not provide advice on pricing of specific management actions. You will need to cost your own bid and are advised to consult your financial advisors and service providers in doing so.

In previous rounds land managers wanted to know if there was a standard price for them to charge for conserving box gum grassy woodland on their property. The fact is that there is no standard price. Each land manager manages a site with particular characteristics. Some land managers will do work themselves at their own expense, others will wish to contract the work. Some sites will be more degraded than others.

**It is important that you cost your bid accurately**, taking into account the full costs of restoring the box gum grassy woodland on your land over the life of the project. In doing so it is important that you build in potential changes to the Consumer Price Index which will impact on these costs.

Each round of bidding that is conducted establishes its own market and successful bids will cover a range of prices. You need to be aware that the determining factor in ranking bids, is the amount of conservation benefit that can be purchased (represented by the CVS) for each dollar sought.



## Bid Preparation

Only applications posted prior to the nominated closing date for applications can be accepted into the final evaluation. Every effort should be made to complete and post the bid application form in time for it to reach the tender box before the closing date.

### Step 1: The entity making the bid should be the same entity that signed the Request for Site Assessment

You should start your bid preparation by checking to ensure the bid form has been correctly pre-filled with the same details as the Request for Site Assessment, and if not advise the field officer of required amendments. The entity that completes the initial Request for Site Assessment and subsequent bid application form will also be the entity contracted, if their bid is successful.

### Step 2 Pricing a bid

**Please note that it will be entirely up to you to determine and submit the price that you require to undertake the agreed management actions. Neither the field officers nor the Delivery Agent will be aware of what constitutes a successful bid and will therefore be unable to provide advice on this.**

An adverse result for the Australian Government would be if you, in order to obtain a competitive advantage over other participating land managers in the bidding process, under-priced your bid, and then could not meet your contractual obligations.

In developing a bid it will be important to consider the various costs that may be incurred throughout the life of the contract taking into account the matters identified in Chapter 6 which are summarised below. You should think about:

- labour costs, including your own
- material costs. For example fencing materials, herbicides, pest and weed control, re-vegetation and replanting, costs associated with equipment required to undertake on-ground management activities
- the costs of seeking specialist advice relating to: contractors, weed and pest advisors, personal financial advisors, solicitors, accountants or agricultural product suppliers
- costs associated with stock exclusion, such as alternate water sources or establishing alternative stock shelter, for example a strip of trees or man-made structure
- loss of income arising from restrictions on the use of the box gum grassy woodland or derived grassland for production or other income generating purposes, eg reduced carrying capacity or cost of firewood, etc
- consider financial issues that may arise over the timeframe of the agreement. For example, inflation over the period of the contract. This is very important because the value of a dollar will decline with inflation and hence more will be required to purchase the same items in future years
- any costs associated with establishing a covenant on the site if one is proposed



- time and costs associated with the monitoring and reporting requirements and the labour and equipment that might be required eg a digital camera
- cost of public liability insurance required under the contract.

**Please note:** The Australian Government expects that for each year that a contract is sought, there will be a corresponding request for annual funding. So, if a fifteen year contract is sought, there will be fifteen annual instalments requested in the bid. A fifteen year proposed contract with only ten years of funding is not acceptable.

## Land manager benefits

Land managers may also consider the benefits to be gained from participation in the Box Gum Grassy Woodland Project. These may include:

- improved biodiversity, soil health, and water quality on the property
- improved habitat for wildlife – native birds, animals and flowers
- improved stock and land management
- increased aesthetic values of the property
- personal enjoyment and satisfaction from having made a positive impact on the local natural environment
- helping to better link private land conservation efforts across the catchment to help address important conservation issues.

## Establishing the final price

After considering the costs of implementing all agreed management actions over the length of the contract, you may consider the extent to which you are prepared to absorb a proportion of the costs yourself for the private benefits you might receive.

**It is important that you are realistic in pricing your bid, because in order to achieve a successful outcome, you must be able to meet your management obligations with the price you bid.** In particular, this means costing the time required.

Once the bid application has been completed and the document signed and submitted there will be no further opportunities to renegotiate the agreed management actions or the price before the bid is assessed. However you are able to withdraw at any time before a contract is signed. Once a contract is in place and management actions have commenced, there will be some flexibility for both parties to review and adjust actions, within the available budget, in light of progress and other issues.

**Please note:** It is most important that you check your bid thoroughly before submitting it to ensure that:

- a) you have included all the costs that you expect to incur over the life of the contract and that you are comfortable with the pricing of these items
- b) your arithmetic is correct and the annual costs add up to equal the total cost
- c) The number of annual payments sought is consistent with the duration of your contract ie if a fifteen year contract is sought, there should be fifteen annual entries on the bid form.