

National Action Plan for Salinity and Water Quality

State-level Investment Projects

Social economic

Competitive tenders for conservation contracts:
A practical guide for regional NRM groups
in Queensland

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Readers should be aware that some information might be superseded with further scientific studies and evolving technology and industry practices.

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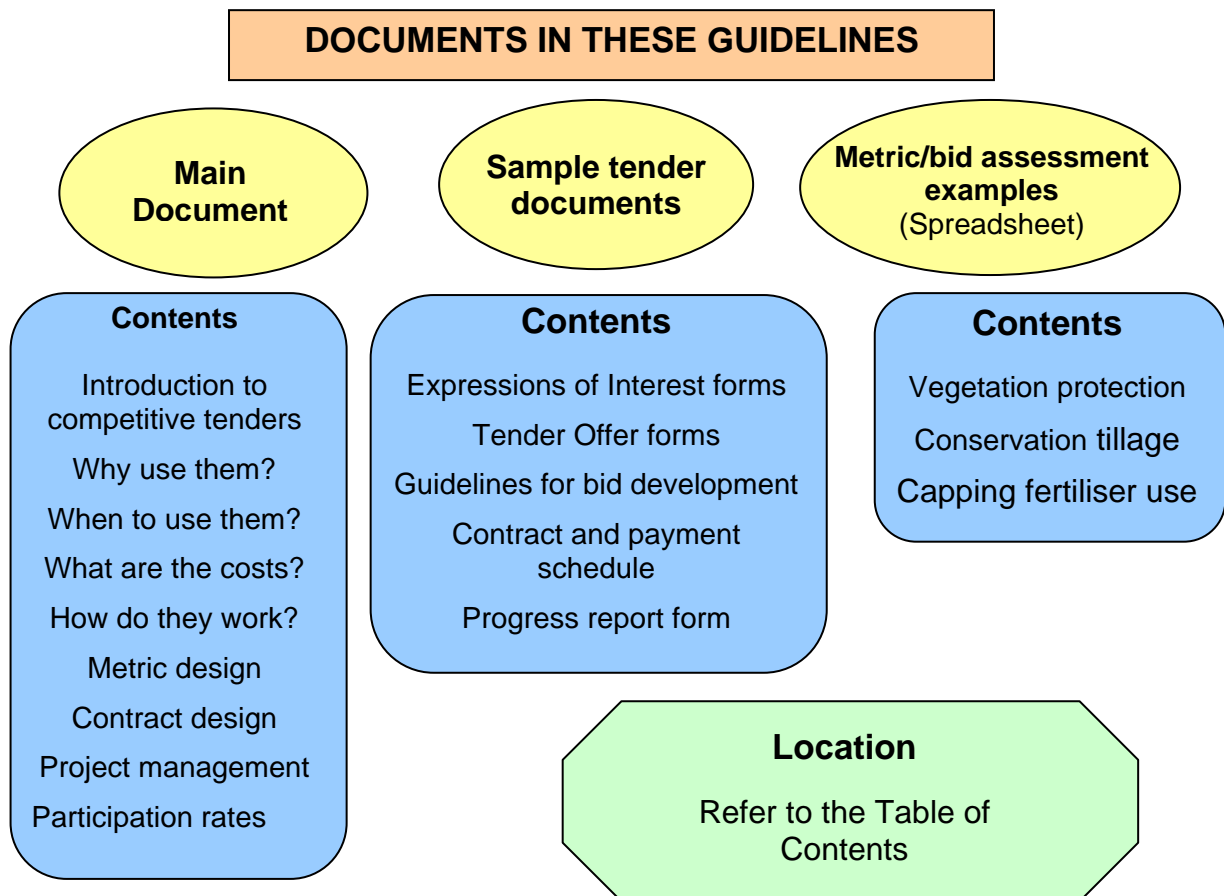
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1. Introduction

The purpose of this document is to provide a simple guide to the use of competitive tender mechanisms in Queensland. There are three main components to the document. First, there is the main document (this one) that provides some background information about when and why a competitive tender process might be an appropriate incentive mechanism and provides a detailed guide on how to apply one. Second, a series of sample tender documents are provided in the appendices to this document. These documents include practical working examples and templates that can be modified to suit specific circumstances. Third, a ©Microsoft Excel spreadsheet is also attached in the appendix that provides working examples of how to assess the tender bids. The diagram below outlines these documents.

Figure 1.1 Document details



A competitive tender is a mechanism that can be used to encourage landholders and stakeholders to provide conservation actions alongside of normal production goals. It can also be used to encourage provision of conservation actions which may reduce production. The key to the operation of competitive tenders is the selection of the most cost effective bids for funding.

At first glance, a conservation tender looks quite similar to a devolved grant process. Landholders need to be approached and asked if they would be prepared to perform certain management actions in return for an incentive payment. With devolved grants, payments tend to be fixed, once-off payments for prescribed actions. With competitive tenders, the payment level and the management actions are much more flexible, with landholders able to specify what they are prepared to do for a certain level of funding. Where funding is for on-going management activities, then payments tend to be made at regular intervals rather than as lump sums.

Competitive tenders are used to select the most cost-effective options for achieving biodiversity and conservation outcomes. This is done by considering all the submissions from landholders in a single process, and comparing what could be achieved by the proposal (the conservation and biodiversity outcomes) against the amount of payments to landholders. The process is really a single-round auction process, where the bids come in and then are selected up to an available level of funding.

More information has to be collected in running a competitive tender compared to a devolved grant process. First, information has to be collected from landholders about the amount of funding they need to perform certain actions. Second, information has to be collected about the potential biodiversity and conservation outcomes, and these have to be summarised and measured in some form (through the use of a measuring standard known as a 'metric').

While competitive tenders may involve slightly more work than a devolved grant process, there may be little difference in the engagement with landholders. There will still need to be an awareness campaign, there will still be an application process, and there will still be an assessment process. For landholders, there will be little difference in presentation between a simple competitive tender and a devolved grant process (more complex competitive tenders have more differences).

There are several key advantages to using competitive tenders. The key ones are that they are more flexible than devolved grants, are better at encouraging landholders to achieve certain outcomes, are more efficient (discussed in Section 2) and provide funding bodies with better evidence that money is being allocated wisely.

There are a number of ways in which conservation tenders can be designed. Design stages are very important because a faulty application can be very expensive. In many cases, designs will need to be adapted to suit local circumstances and the issues at hand. In this document, a basic design and supporting documentation is provided. This can be extended in a number of areas, but expert advice is recommended for those variations.

Competitive tenders can be more cost effective and efficient than fixed payment grants.

1.1 Background information

There are several publications that can help in the selection of an appropriate incentive mechanism. The Queensland Department of Natural Resources and Mines has a program with the objective of “developing and trialing a toolkit of incentives and market based instruments for regional NRM”. Details can be found on their website.

http://www.regionalnrm.qld.gov.au/planning/state_wide/nap/se05.html

In particular they provide a practical guide to the selection of incentive mechanisms, “Choosing between incentive mechanisms for natural resource management. A practical guide for regional NRM bodies in Queensland”.

<http://www.regionalnrm.qld.gov.au/planning/guidance/target%5fsocial%5fpdf/choosing%5fbetween%5fincentives.pdf>

The aim of the above document is to assist regional NRM groups in deciding which incentive mechanism suits different NRM problems. The range of incentive mechanisms that a regional NRM group can directly and indirectly use is outlined. Two appendices provide a brief discussion of these mechanisms and summarise when they are best used. The necessary background information is highlighted, and a series of questions asked, that help assess the suitability of the different incentive mechanisms. The document also provides some useful references for further reading.

The same project group has also developed a web-based database of existing incentive mechanisms for NRM provided by the Australian Government, the state, local governments, regional NRM groups and other non-government organisations. The database will allow landholders and other interested parties to quickly identify what incentives for NRM are available in their region and for what types of NRM activities. This database will be expanded as additional incentives are identified and developed, particularly by regional NRM bodies. The website of the incentives database is <http://www.regionalnrm.qld.gov.au/funding/incentives/index.html> Overlap between existing incentive programs and the new competitive tender should be avoided as this may not be an efficient use of funds.

An easy to read brochure developed by the Australian Government is “Natural Resources: Can Markets Help? Investigating Market Based Instruments in NRM”. This can be downloaded from the website <http://www.nrm.gov.au/publications/nrm-mbi/index.html>.

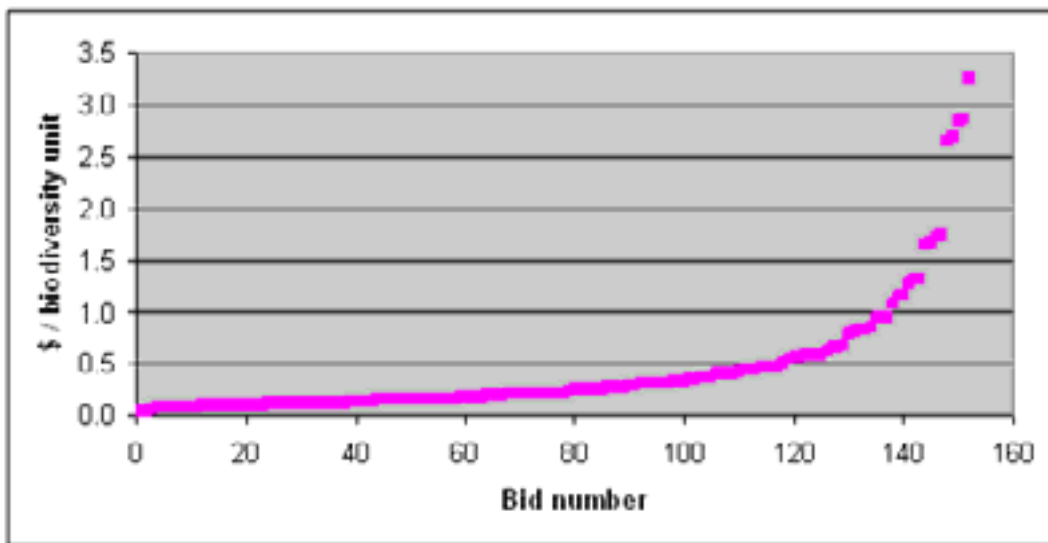
The interplay between the new competitive tender program and existing conservation legislation, regulations and plans (at all levels of government) will need to be identified to ensure consistency. For example, the *Vegetation*

Management Act, the *Land Protection Act* and the *Water Act* may need to be consulted to ensure that the management actions supported by the competitive tender are not already the responsibility of the landholder and are consistent with the legislation.

2. Why use a competitive tender?

The main reason to use a competitive tender is that under the right circumstances, it is more cost effective than a fixed price grant scheme. In a competitive pricing scheme, funds are allocated to those landholders that can provide the conservation service at the least cost. Evidence from trials and workshops has shown that in a competitive tender there will be a range of relatively low cost bids, but only up to a certain point, after which bids become more expensive and less cost effective. This is illustrated in the diagram below where the first 100 to 120 bids are relatively low cost, but after this point, the relative cost of bids rapidly increases. In a competitive tender it is the low cost bids that provide the most cost effective outcomes.

Figure 2.1 Relative bid values in a competitive tender

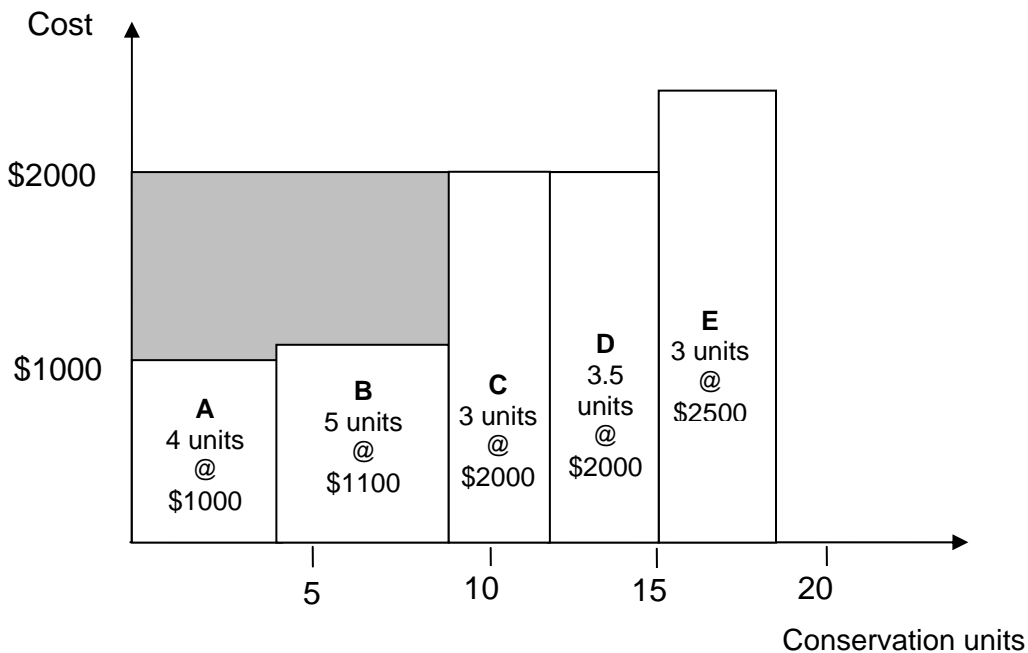


In a competitive tender, the most cost effective bids are accepted. This means that more conservation units or outcomes can be purchased per dollar of public investment than under a fixed price grant scheme, where there is no discrimination between landholders on the basis of costs of provision. This can be illustrated in the Figure 2.2 below, where landholders A to D might be funded under a fixed price grant scheme but landholders A to E might be chosen for an equivalent amount of funding under a competitive tender scheme.

Suppose landholders A to E are each willing to provide certain conservation services, but the costs of providing each conservation unit varies between landholders from \$1000 per unit for landholder A to \$2500 per unit for landholder E. If a fixed price grant scheme is implemented and landholders

are paid \$2000 per conservation unit, \$31,000 would be required to purchase 15.5 conservation units from landholders A to D. Landholder E could not afford to participate. However, in a competitive tender, if the tender bids offered reflected the landholders' costs, then 18.5 conservation units could be bought for \$30,000, and more landholders would be able to participate (three extras units could be bought from landholder E). The money saved, (the shaded area in the diagram), by paying for the lower cost bids of landholders A and B can be used to pay for the additional bid of landholder E.

Figure 2.2 Cost effectiveness of competitive Vs fixed price incentive schemes



The first practical application of a conservation tender in Australia has been the BushTender trial in Victoria, where landholders entered bids to conserve patches of native bushland on their farms. Bids were assessed against the predicted environmental outcomes (assessed with a biodiversity score multiplied by a management input score), and the most cost-effective bids were selected. The results showed that for a budget of around \$400,000, a fixed-price scheme would have given an agency approximately 25% less biodiversity than provided in the auction trial. Because of the rising cost of bids submitted by landholders, a budget of almost seven times the trial budget would have been required to achieve the same biodiversity outcomes¹.

More conservation services can be purchased in a competitive pricing scheme than a fixed price scheme.

¹ Stoneham, G., Chaudhri, V., Ha, A., and Strappazzon, L. 2003 "Auctions for conservation contracts: an empirical examination of Victoria's BushTender trial", *Australian Journal of Agricultural and Resource Economics* 47(4): 477-500.

Another key advantage of competitive tenders is flexibility as they are focus primarily on achieving certain outputs, leaving landholders with a lot of flexibility about how to achieve these outputs. This encourages further innovation in land management to reduce the cost of meeting targets.

Although a competitive tender incentive mechanism has certain advantages, it is a complex mechanism and there are certain pitfalls and risks associated with the process. These guidelines provide details of how to run a simple competitive tender and where more complex issues need to be addressed, direction is given to seek further advice from an expert.

3. When to use a competitive tender?

There is one main condition that must prevail to successfully run a competitive tender for conservation contracts on private land. There must be variation in the costs of provision of conservation services between landholders.

A competitive tender process will only work if the costs of achieving the desired conservation outcomes vary between participants. This will ensure that there is sufficient variation in the bid submissions, which in turn ensures an efficient outcome because the process selects the least costs bids to achieve a specified outcome.

For example, suppose the focus is on riparian management and the provision of an incentive payment to landholders to put a fence up along their river area. Given the same type of fencing, the costs are generally the same for all landholders and in a competitive tender, there would be little variation in bid values. This sort of management action would be better suited to a fixed payment incentive scheme. If on the other hand the focus is on maintaining a minimum grass cover in riparian areas, there would be a cost differential expected between landholders. Those who currently have low stocking rates are able to achieve the required standard at a lower cost than those who currently have higher stocking rates. In a competitive bidding system, there is likely to be considerable variation in the bid prices and only those that represent the best value for money need be accepted.

To successfully run a competitive tender there must be variation in the costs of provision of conservation services between landholders.

4. How does a competitive tender work?

In this section, the basic steps in a simple competitive tender mechanism are outlined. In some situations it may be desirable to run more complex mechanisms, and more steps are likely to be involved.

The tender process can be described in terms of a six basic steps. These steps are outlined below in Table 4.1 and are presented to landholders in the *Guidelines for bid development* document (Appendix 1.3). In addition to these steps, there are preparation tasks that need to be completed before the tender process starts (outlined in Section 9.1) and a final evaluation should be completed once the conservation contracts have expired and the project has come to a close (Section 9.4).

Table 4.1 The different steps involved in running a competitive tender

Step	Description	Timelines
Preparation	<i>See Section 9.1</i>	6 months
Step 1	Calls for expressions of interest (EOI) and information sessions	2 months
Step 2	Landholders receive tender documents and prepare bids	1 month
Step 3	Tender bids submitted	Closing date 4-6 weeks after EOI close
Step 4	Bids are evaluated and the most cost effective bids are selected	2 weeks from close
Step 5	Winners are notified and management contracts are signed	2 months
Step 6	Contract implementation with regular monitoring and payment schedules	On going
Evaluation	<i>See Section 9.4</i>	On going – completed 3 months after project close

Substantial time and effort should be devoted to planning and preparation. The more time that is spent in preparation, the tighter the timelines can be for the actual tender process. Ideally as much time should be spent in preparation as it takes to complete the tender process, but this will depend on the number of staff available to work on the project. The administrative tasks involved in a competitive tender are outlined in Section 9.

Step 1 Calls for expressions of interest and information sessions

Once the preparations for the project have been completed, the first task will be to put out a call for Expressions of Interest (EOI) and begin an intensive information campaign. Encouraging landholders to participate in the tender will be an important component of the tender process and is discussed in more detail in Section 10.

Step 2 Landholders receive tender documents and prepare bids

Once all the EOIs have been submitted all applicants will require a response. It is recommended that initially everyone receives a phone call. The project can be discussed with the landholder, further information provided, and tender

documents sent out. Many landholders are likely to require some form of assistance in preparing their bids and this is discussed in more detail in Sections 9.1.4 and 9.2.2.

For some projects it may be desirable to make individual visits to landholders to help them select their conservation actions and prepare bids. Individual visits are also a way of encouraging higher participation. On the down side, individual visits involve a very large time commitment from the organising bodies. Care should be taken not to commit to them if it is possible that large numbers of EOIs could be received.

It is important to ensure that information provision to prospective bidders is done fairly.

Step 3 Tender bids are submitted

The closing date for the submission of tender bids should have been determined in the project preparation stage. Participants should be given ample time to prepare bids, and allowances have to be made for the time involved in providing help in bid submission, particularly if staff numbers are limited. On the flip side, the tender process needs to be as concise as possible to maintain awareness and enthusiasm.

Step 4 Bids are evaluated and the most cost effective bids are selected

Bids need to be evaluated to determine which are the most cost-effective and give the most biodiversity and conservation outcomes per dollar. The metrics² used to assess the biodiversity and conservation values of all the bids are discussed in Section 7. In order to complete this step in an efficient manner as possible, both the metric design and the bid selection process should be determined in the project preparation stage.

Step 5 Winners are notified and management contracts are signed

All bidders should be notified about the auction results and whether or not their bid was successful. Management contracts will need to be established with the winning bidders and contract design issues are outlined in Section 8.

Unsuccessful bidders will need to be notified and protocols followed regarding the information they are provided (Section 9.1.8).

Step 6 Contracts are implemented with regular monitoring and payment schedules

All details of the management plans, payment schedules/ reporting requirements and monitoring provisions, i.e. how the agreements will be implemented, are outlined in the contracts.

² Metric is a term used throughout this document. It refers to the measurements that will be used to assess the relative value of the different tender bids. Each tender bid is given a score - the metric describes the way this score is calculated.

5. What are the costs of running a competitive tender?

There are two main budget components to consider; the administrative costs (pre and post tender) and the incentive payments to landholders. Many of the budget items in a competitive tender process will be similar to budget items in a devolved grant process.

However, administrative and incentive costs will influence the scope of the conservation tender and vice versa. Costs are expected to vary according to factors such as:

- The number of potential participants involved,
- The complexity of the issue(s) being addressed,
- The familiarity of participants with a tender process,
- The willingness of potential participants to be involved,
- The availability of skilled staff and expert advice, and
- The type of auction design and contract design employed.

In Table 5.1 the basic costs of running a tender are outlined and to provide an idea of the range in costs involved, costs associated with both a large and a small project are detailed. For a large tender (e.g. \$1 million in incentive payments), the administration costs are expected to be approximately \$140,000, but this will vary according to the factors outlined above. For a small tender (e.g. \$100,000 in incentive payments), administration costs are expected to be approximately \$30,000, but again, this will vary according to the relevant factors.

Table 5.1 Indicative costs of running a competitive tender

	Large project	Small project
Administration		
Project coordinator	\$75,000	\$10,000
Expert Advice	\$15,000	\$10,000
General administrative costs	\$10,000	\$2,000
Information and promotion	\$15,000	\$2,000
Establishing contracts	\$15,000	\$4,000
Monitoring costs (for a three year contract)	\$12,000	\$2,000
Total administrative	\$142,000	\$30,000
Incentive payments	\$1,000,000	\$100,000
Total project	\$1,142,000	\$130,000

The concept of competitive conservation tenders is relatively new in Australia and in parts of Queensland landholders have had little exposure to the use of incentive payments such as devolved grants. Until conservation tenders become a more widely adopted incentive mechanism, there will be uncertainty and some scepticism surrounding the process. Overcoming these perceptions will mean that the first tenders to be implemented in the region, will be more expensive than subsequent ones, both in terms of the administrative costs and in terms of payments made to landholders. More cost and effort will need to be put into the first tenders to ensure they are given the best chance of success and opportunity for future development. This means:

- Comprehensive information sessions will need to be held,
- A relatively high proportion of bidders should be successful, and
- Landholders will need to be provided with assistance in developing their bids.

Once the method becomes better known and understood, the costs of information provision prior to the start of the tender should decrease, and the relative bid prices are also likely to decrease. While landholders are unfamiliar with the tender process there will be uncertainty surrounding their bid formation and the true costs of providing the required environmental service. This means they are likely to incorporate a risk premium into their bid price which might be reduced once some of the uncertainty surrounding the process has been removed.

The costs of running a tender will decrease overtime as everyone involved becomes more familiar with the mechanism.

6. Designing a competitive tender

There are a number of ways in which conservation tenders can be designed and designs will need to be adapted to suit local circumstances and the issues at hand. In this section the basic design of a single round tender to achieve a single environmental outcome is outlined. This basic design can be extended in a number of ways, which are briefly outlined at the end of this section and which require further advice from an expert.

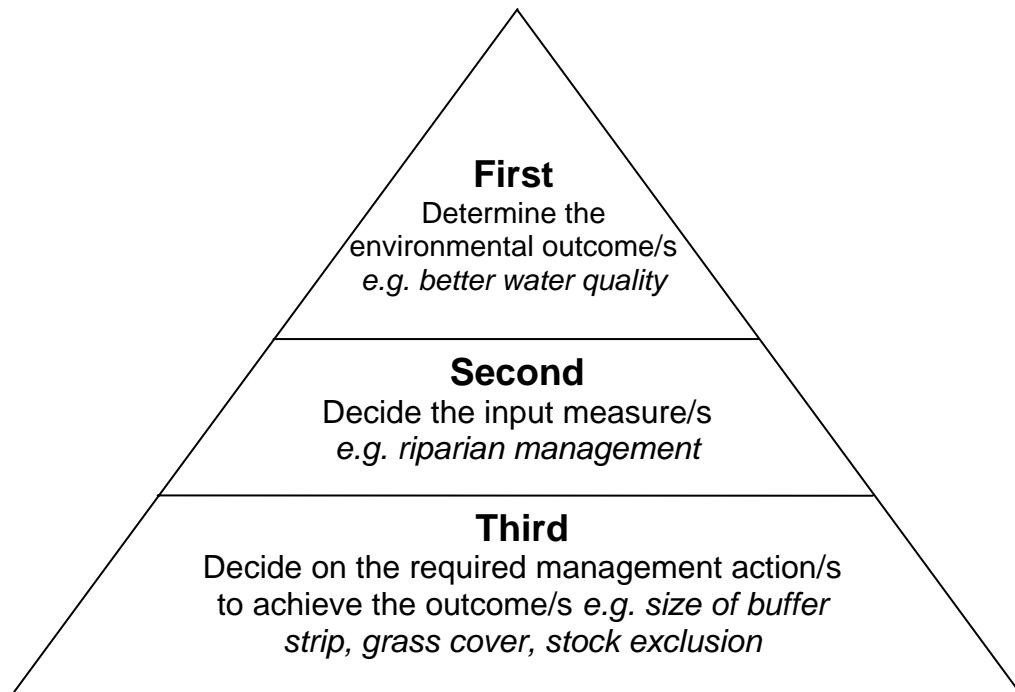
6.1 Management actions and environmental outcomes

Ideally, a tender should focus only on the environmental outcome, and the conservation contract established with landholders would require them to provide a particular outcome. However, in practice this is very difficult to achieve as in most cases it will either be very expensive or not possible to measure changes in environmental outcomes at the farm level, and even more difficult at the paddock level, over the contract period. This means that

while the primary focus in applying a competitive tender is to achieve a desired environmental objective or outcome, for practical reasons, the design of the tender should focus on management actions which can be directly measured, and which can be applied to achieve the desired environmental outcome.

When deciding the appropriate format for the tender process, first it is necessary to decide on the environmental outcome/s the process is intended to achieve. Second, consideration then needs to be given to the input measure/s that will achieve the outcome. The management action/s required to achieve the environmental outcome/s can then be determined. This is a simple three tier process illustrated in Figure 6.1 below.

Figure 6.1 Determining the relationship between output/s, input/s and management action/s

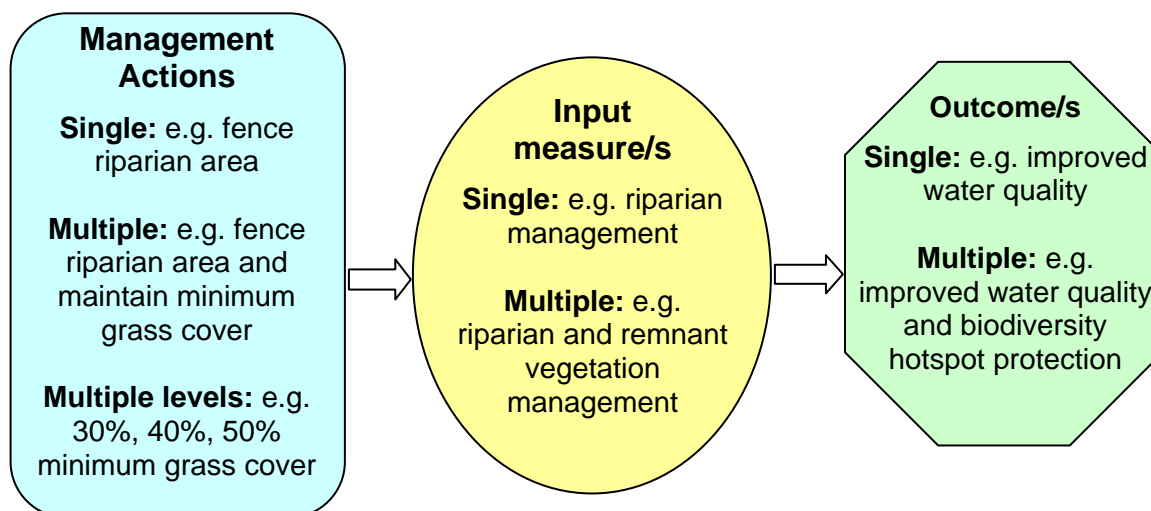


There should be a clear understanding about what drives the relationship between the environmental output and the input measures.

It is possible to have single or multiple environmental outcomes, input measures and management actions. While multiple categories may be more attractive as they are likely to achieve more objectives, they are also more complicated and are more likely to require further assistance. Careful consideration needs to be given to the appropriate selection. Ultimately the tender will focus on **management actions** and not only is it possible to have single or multiple actions, but there can be different levels of provision. For

example, if the management action is to maintain a minimum level of grass cover, it would be possible to incorporate a choice of 30%, 40% or 50% and landholders could select which level they preferred. The relationship between actions, inputs and outcomes is illustrated in Figure 6.2 below.

Figure 6.2 The relationship between actions, inputs and outcomes



A single environmental outcome (e.g. *improved water quality*) is the easiest scenario to consider. It can be broadly defined and allows for a range of management actions to be considered. **Multiple environmental outcomes** (e.g. *improved water quality and biodiversity hotspot protection*) are more complicated and expert advice will be required to assist in tender, metric and contract design. The same applies for **single** (e.g. *riparian management*) or **multiple input measures** (e.g. *riparian and remnant vegetation management*).

The decision about whether to focus on **single** and/or **multiple management actions** and whether or not to include **single** or **multiple levels of provision**, will determine the format of the tender process and the metrics that need to be developed.

Most of the competitive tender trials that have been conducted in Australia have allowed landholders to determine their own management actions. While this method is perfectly legitimate, it has not been recommended in these guidelines because it makes the process of metric development much more complicated. To date, conservation tenders in Australia have been run by a group of selected experts. It is unlikely that most budgets could incorporate such a level of expertise and it is much easier if the management actions are prescribed, but still allow landholders as much management flexibility as possible. For example, while requiring landholders to maintain a minimum ground cover, they might still be allowed stock access and so landholders can still focus on production outcomes.

Prescribing management actions that have a clearly identified relationship with environmental outcomes will also help avoid any confusion about the private benefits associated with landholder nominated actions.

Another reason for having prescribed management actions is that it allows for a much quicker tender process. If all metrics have been determined beforehand (see Section 7), the assessment of bids can be conducted rapidly, efficiently and effectively. If landholders are able to choose their own actions then a separate process to assess the bids may need to be formulated. This will increase the complexity of the metric design and assessment process. It is preferable to have all metrics determined before the tender starts and so everyone is clear about the assessment process.

6.2 Management options for tender design

Three possible management option scenarios have been developed as working examples for these guidelines: These options are applied in the tender documentation (Section 11). They include a combination of **single** and **multiple management actions** and **single** and **multiple levels of provision**.

1. **Management Option A:** Single action – single level
2. **Management Option B:** Single action – multiple levels
3. **Management Option C:** Multiple actions – multiple levels

These management options are not definitive and have been designed to be adapted and applied to suit specific circumstances. Each is discussed in detail below.

Three management options are provided as working examples and are applied in the attached tender documents

6.2.1 Management Option A: Single action – single level

This option is appropriate when the main objective is to maintain and improve current conditions, and a single management action will help achieve the required output. A single level of action can be specified so that certain baseline conditions or prescribed standards can be met. For example, in extensive grazing areas that have not been cleared or exotic pasture grasses introduced, a single management action such as maintaining a minimum grass cover might be suitable to achieve biodiversity outcomes. Specifying a single level, such as a 40% minimum, might be considered in such a situation.

This option could be considered if there is interest in achieving an outcome such as *biodiversity conservation* or *water quality benefits* on as large an area as possible, and a single action, such as *maintaining a minimum grass cover*, will help achieve this outcome. Other baseline conditions such as weed

management can also be specified. This option will make it easier to assess and select areas for biodiversity conservation/ salinity control, where preference might be given to different vegetation types.

One of the main advantages of this option is that the **metrics** are simplified.

Example: Management Option A: Single action – single level

The objective is to maintain and improve biodiversity by retaining grass cover in different vegetation types. Landholders who put in a tender bid will be expected to meet the following management conditions:

Cattle can still be grazed in this area, but reasonable steps should still be taken to manage pests and weeds. The following conditions apply:

- Commitment to retain a certain amount of pasture at the end of the dry season annually – about 1500kg/ha
- Fire is allowed but the area must be de-stocked until minimum biomass is reached
- No additional exotic plant species can be introduced deliberately

6.2.2 Management Option B: Single action – multiple levels

This option is similar to Option A, but gives landholders more flexibility as they can choose from a selection of provision levels. For example, the single management option might be ground cover, with a choice between different levels of cover, such as 1500-1700 kg/ha, and 1750-2000 kg/ha.

This option is appropriate when the main objective is to maintain and improve current conditions, and a single input will help achieve the required outputs. It provides landholders with more choice than the use of Management Option A, and may produce better outcomes.

Metrics remain simple but weights associated with different management levels need to be determined.

Example: Management Option B: Single action – multiple levels

The objective is to maintain and improve biodiversity by retaining grass cover in different vegetation types. Landholders who put in a tender bid will be able to select which level of management condition they are willing to attain.

Cattle can still be grazed in this area, but reasonable steps should still be taken to manage pests and weeds. The following conditions apply:

- Commitment to retain a certain amount of pasture at the end of the dry

season annually:

Either:*

a) about 1500-1700 kg/ha

b) about 1750-2000 kg/ha

c) about 2050- 2200kg/ha

- Fire is allowed but the area must be destocked until minimum biomass is reached
- No additional exotic plant species can be introduced deliberately

* These examples are for illustrative purposes only. It might be unrealistic to distinguish between these three levels and two levels may be more appropriate. High levels should not be recommended if they are likely to become a fire hazard.

6.2.3 Management Option C: Multiple actions – multiple levels

Landholders are able to select from a menu of actions. The menu can be as varied as required. Some actions may be compulsory and some maybe optional. The menu could be divided into different sections with a requirement that options must be selected from a set number of sections.

This option provides landholders with the greatest flexibility, but means it may not be possible to achieve clear outcomes (depending on the selection criteria). The option is appropriate when a range of actions is being considered, particularly if restoration work is required. It can be used for both single and multiple outcomes.

Metric development is much more complicated and expert advice is required

Example: Management Option C: Multiple actions – multiple levels

The objective of this project is to maintain and improve water quality through the management of river frontage areas. Landholders who put in a tender bid will be able to select which management options and/or the level of management condition they are willing to attain.

Cattle can still be grazed in this area, but reasonable steps should still be taken to manage pests and weeds.

Management Condition 1	Management Condition 2
Distance from the top of the main bank	Minimum grass cover retained
Level A: Minimum 50 metres	Level A: about 1500-1700 kg/ha
Level B: Minimum 75 metres	Level B: about 1750-2000 kg/ha

Level C: Minimum 100 metres	Level C: about 2050-2200 kg/ha
<p>Management Condition 3</p> <p>Percentage of the year stock excluded</p> <p>Level A 40%</p> <p>Level B 50%</p> <p>Level C 60%</p>	<p>Management Condition 4</p> <p>Specify</p> <p>Level A: specify</p> <p>Level B: specify</p> <p>Level C: specify</p>
<p>It is possible to make some management conditions compulsory and others optional.</p>	

6.3 Further design features to consider

The design features for a competitive tender outlined above have been simplified for practical reasons. This basic design could be extended in a number of ways which are discussed below. However, if any of these extensions were considered for inclusion in the design format, in all cases, further expert advice would be required.

6.3.1 Single Vs multiple environmental outcomes

Most of the key design features in a competitive tender are reasonably straight forward. However, the one component that complicates the whole process is the metrics. The design formats outlined above have been simplified to make the process a manageable one, and one that does not require a complicated metric design that in turn requires expensive expertise to develop and apply. There are two situations where the metric can become more complex; the first where there are multiple environmental outcomes and the second where the objective is to restore and repair environmental condition (discussed below).

A single environmental objective might be to improve riparian management. The management actions selected to achieve the specified outcome might even provide a bonus outcome. For example, improving the quality of vegetation in a riparian area will also have biodiversity outcomes. The problem of metrics arises when two separate environmental outcomes are included in the tender, such as improve riparian areas and biodiversity hotspot protection. There are some benefits associated with multiple outcomes such as increasing participation rates (Section 10). However, the possible interaction of associated inputs to achieve both outcomes implies a more complex metric and expert advice will be required.

6.3.2 Maintain and improve Vs repair and restore environmental condition

The management options outlined above have focused on maintaining and improving environmental outcomes, because it simplifies the metrics. This is not an unreasonable assumption in many parts of Queensland, particularly in areas with extensive grazing systems. In the south eastern part of Queensland and other areas where development has substantially changed the landscape, many management actions will more realistically be focused on repairing and restoring environmental condition. In this case, to evaluate the environmental outcome, an assessment will need to be made of the current condition of the management area and the potential impact of the management action. For example, in a region where development has meant there are limited areas of native vegetation, a focus on vegetation regrowth as a management action will have differential outcomes on different properties. In some circumstances, simply allowing regrowth might increase the problem of weeds and reduce environmental condition.

These terms will need to be more precisely defined when the assessment metrics are being considered (Section 7).

6.3.3 Cooperation between landholders

There are two situations in which cooperation between landholders might be required. In some cases cooperation will be essential for an effective outcome. For example, if the objective is to achieve a vegetation corridor across the landscape, the objective will not be achieved unless landholders cooperate and ensure a corridor on their property links with that of an adjoining neighbour. Another example is animal pest eradication, where synchronised actions amongst all landholders is required. In other cases, cooperation between neighbours might not be essential but will improve environmental outcomes. For example, better outcomes will be achieved if improved riparian management takes places on both sides of a river on a property boundary and/or connects with a neighbouring property along the length of a river. In this case, consideration can be given to joint bids (see below).

6.3.4 Joint bids

In situations where environmental outcomes will be improved if landholders on neighbouring properties both implement the required management actions, landholders should be encouraged to offer joint bids in the tender, through the use of a joint bid bonus. While joint bids may be submitted, details of the individual bids should remain private and individual bid details are not disclosed between the joint bid partners. Adapting the tender documentation to account for joint bids and the application of a joint bid bonus is not complicated, but economic advice is required to ensure any bonus provides the right incentives.

6.3.5 Reserve price

In some areas low participation rates may be an issue (Section 10) and a situation could arise where all bids, including those which do not represent good value for money may be accepted. To ensure that only offers which represent good value for money are accepted, a reserve price can be set, below which bids are not accepted (seek advice from an economist about the level at which to set the reserve price).

6.3.6 Single Vs multiple bidding rounds

The tender process outlined in this document assumes a single bidding round. If multiple bidding rounds are held, it is likely that competitive pressures would lead to a drop in bid amounts. However, there is a trade-off involved. Holding more than one round is both more expensive and more time consuming. Some landholders may even drop-out from the process. So while there maybe some gains in relative bid values, these are likely to be offset by increased administrative costs.

The reason why competition leads to a drop in bid prices relates to how bid prices are constructed in the first place. The bid price is supposed to cover the costs to the landholder of implementing the management action/s. However, holding auctions for conservation contracts is a new concept in Australia and there is considerable uncertainty involved in the tender process. Landholders may put an extra premium onto their bid price to account for risk and uncertainty. There may be uncertainty associated with assessing the true cost of the management action, and bids may be increased to account for that uncertainty. Some landholders may increase the value of their bid because they think they can get a higher price. Multiple bidding rounds are more competitive and provide bidders with an incentive (assuming bidders want to be successful) to reduce their bid price so that it more accurately represents their true costs without any additional extras.

While multiple bidding rounds within a single auction have competitive advantages, there is potential for landholders to collude between rounds, and this needs to be addressed. If multiple rounds are held, the time lapse between rounds needs to be as short as practically possible.

Multiple or sequential auctions, i.e. a series of auctions held at frequent intervals for the same service, are not recommended as bidders become familiar with the process and indicative prices, and “learn” to act more strategically.

7. Metric Design

Metric design refers to the evaluation process where bids are assessed. Essentially the process occurs in three steps:

1. The biodiversity or conservation outcomes are assessed in a common measuring unit,

2. Those outcomes are compared to the dollar bids that are offered, and
3. The outcomes are ranked to determine the most cost-effective bids (the ones that provide the best value for money).

An example of the role that a biodiversity index can play comes from the BushTender project conducted in Victoria (Stoneham *et al.* 2003 [reference details in Section 2]). Bids from landholders to protect areas of remnant vegetation were assessed in terms of:

1. The biodiversity significance: a biodiversity significance score (BSS) was assigned to reflect information about scarcity and its ecological classification,
2. The improvement in habitat associated with landholder actions: a Habitat Services Score (HSS) was assigned to reflect the likely outcomes from a range of different management inputs, and
3. The bid price (β).

This information was combined to form a Biodiversity Benefits Index for each landholder bid using the following formula (Stoneham *et al.* 2003):

$$\text{Biodiversity Benefits Index} = \text{BSS} \times \text{HSS} / \text{Bid}$$

The scores for the Biodiversity Benefits Index can be used to directly rank the bids from landholders for protection measures.

Once the assessment process has occurred, the evaluation process is relatively straightforward. However, there are a number of options to perform the assessment process. Here, some general principles for choosing among the assessment options are outlined.

7.1 Assessment process

There are three important groups of information that may need to be included in an index. These are:

1. **The ecological significance of the environmental assets being considered (Biodiversity Significance Score – BSS),**
2. **The potential improvements in condition as a direct result of landholder management inputs (Management Action Score - MAS), and**
3. **Potential cooperation or combination issues that may need to be considered (Combination Score - CS).**

Not all of the steps may apply in each metric, and in those cases a step can be dropped out.

7.1.1 Biodiversity Significance Score (BSS)

This requires some assessment of the importance of the environmental assets being considered. The standard approach to this assessment has been to use some ecological measures as a way of building an index. For example, a simple assessment of the significance of different vegetation types within a region might involve an assessment of the hectares of each vegetation type multiplied by its relative scarcity:

$$BSS = \text{Area of Vegetation Type A} \times 1/\text{Proportion remaining} + \text{Area of Vegetation Type B} \times 1/\text{Proportion remaining} + \dots$$

For example, if a landholder is prepared to conserve 100 hectares of vegetation type A and 200 hectares of vegetation type B, and there is 10% and 60% of those vegetation types left in a region, the Biodiversity Significance Score might be calculated as follows:

$$\begin{aligned} BSS &= 100 \times 1/0.1 + 200 \times 1/0.6 \\ &= 1,333 \end{aligned}$$

Much more detailed assessment measures are available. For example, an example of biodiversity significance assessment from the Queensland Environmental Protection Agency involves consideration of the following aspects:

A: Habitat for EVR taxa

B: Ecosystem Value: at three scales

- B1: State
- B2: Regional
- B3: Local

C: Tract Size

D: Relative Size of regional ecosystem within remnant unit: at three scales

- D1: State
- D2: Regional
- D3: Local

E: Condition

F: Ecosystem Diversity

G: Context and Connection (relationship to water, endangered ecosystems and physical connection between contiguous Remnant Units)

7.1.2 Management Action Score (MAS)

This provides some measure of the differences that landholders might make with their management actions. In cases where competitive tenders are only being used to preserve existing environmental assets and no landholder input is required, then a Management Action Score may take a default value of 1, and not play an active role in the metric.

Where landholder inputs are required to make a difference to environmental condition, then some assessment procedure will be needed. This part of the index is generally defined in terms of the amount of change that landholder actions can generate, i.e. vegetation condition before and after.

An example of a simple MAS comes from an assessment of buffer riparian grass strips on sugarcane farms. In this case, farmers can convert part of their farms to buffer strips in order to trap sediment from entering streams, where there is a direct relationship expected between the width of the buffer strip and the amount of sediment trapped. A MAS might be developed in terms of tons of soil intercepted, (with different interception factors for different soil types) where:

$$\text{Tons of soil} = \text{Length of buffer strip} \times \text{width of buffer strip} \times \text{interception factor}$$

In this index, there is no need for a BSS component, as the index can generate some measure of environmental outcome. However, there may be some cases where it is also necessary to calculate a BSS component (for example, where buffer strips also have important biodiversity roles). In this case, the two scores would need to be calculated and combined to generate a single index number for each case study being assessed.

7.1.3 Combination Score (CS)

There are some cases where it is important to consider the combination or coordination of different bids. An example is where vegetation corridors might be formed, and it is important to not only assess the vegetation on an individual property, but also the potential contribution to a corridor option. An additional index (the Combination Score (CS)) can be developed for this purpose.

A simple form of a combination score requires an assessment of the relative combination of a bid to an overall target. For example, if a property bid contributes 20% to a corridor option, then a simple combination score would be 0.2. A score like this can be based on the potential contribution of a tender to a corridor outcome (if all other landholders participated) or the actual contribution given the other bids registered.

7.2 Single outcomes

Where only a single outcome is being pursued in a conservation tender, it is standard practice to multiple each of the metric components together:

$$\text{Biodiversity Benefits Index} = \text{BSS} \times \text{MAS} \times \text{CS/Bid}$$

If any of the index components are not relevant, then a default value of 1 is assumed for that component.

This approach is suitable for:

- Single management actions,
- Single management actions with a choice of levels, and
- Multiple management actions that achieve the same outcome.

In cases where different multiple outcomes are being pursued, then more complex metrics need to be designed. For example, a tender might be called for vegetation conservation where vegetation might form part of a corridor or a single stand-alone agreement. In this case a different metric might be applied where the Combination Score is added rather than multiplied in the metric. In this way sites that score poorly on a corridor option have their BSS x MAS score maintained.

7.3 Simplifying the index

Because ecosystems are complex, there are a large number of elements that can form part of an assessment metric. There are a number of metrics that have been developed for different assessment purposes, many of which are very detailed.

More detailed metrics have advantages in terms of being more accurate. However, they have potential disadvantages in terms of:

- Making assessment systems more difficult to understand,
- Increasing assessment costs,
- Increasing assessment time, and
- Requiring larger amounts of specialist skills.

For these reasons, metric design should be kept as simple as possible. The key trade-off to assess when deciding how complex to make the assessment system is if the benefits of moving to a more accurate assessment system outweigh the increased assessment, administration and other costs?

Do the benefits of moving to a more accurate assessment system outweigh the increased assessment, administration and other costs?

7.4 Using desk-top analysis

The assessment should be conducted on a desk-top basis as much as possible. Many of the indexes that have been designed to assess biodiversity status and condition rely heavily on field data collection. While field data helps to generate very accurate results, it can be time consuming and expensive to collect. In the bid assessment process, it is important that bids

are evaluated efficiently and quickly. In most bid processes, a range of summary desktop data, together with basic field assessment data, is sufficient to evaluate which are the most cost-effective bids. Detailed information on each bid is rarely needed to run an efficient bid selection process.

A further consideration is that criteria used to select bids often become the criteria for monitoring and performance evaluation. If very technical criteria are selected, then bid assessment costs and subsequent monitoring costs will be high. As well, the skills needed to perform complex assessments are often in short supply in regional areas.

As more information becomes available at a desk-top level, it becomes more feasible to base much of the assessment on a desk-top analysis. It is often important to make site visits in a conservation tender process, but this is to encourage participation and help define the relevant management actions rather than for site assessment purposes.

7.5 Practical metric design examples

Simplified metrics and calculations have been developed as practical working examples to assist the bid assessment process. Three examples are provided in a ©Microsoft Excel spreadsheet and information is presented in a self explanatory format (Appendix 1.4). Three situations are covered:

- **Vegetation protection,**
- **Conservation tillage, and**
- **Placing a cap on fertiliser use.**

These examples are presented in a simplified format that can be applied and adapted to specific local circumstances.

The examples are very simplified and have been designed to be easily adapted to local circumstances as long as the simplification remains relevant. For example, in the worksheets different criteria are allocated different "weights" that relate to their relative importance. These weights will need to be determined to suit each local situation. Expert advice should be sought before applying the metric in a tender process.

The worksheets are self explanatory and colour coded to distinguish between:

- Instructions,
- Values that have to be entered for each bid,
- Values that need to be set for the conservation tender, and
- Values that will be automatically calculated.

Each worksheet includes three sets of calculations:

- Assessment of the Biodiversity Significance Score,

- Assessment of the Management Action Score, and
- Assessment of the Biodiversity Benefits Index or the relative bid value.

Four working examples are provided, each presented in a separate worksheet.

Vegetation protection 1 is suitable for dealing with vegetation conservation actions, where the management actions are general across all vegetation areas being conserved.

Vegetation protection 2 is suitable for dealing with vegetation conservation actions, where the management actions are specific to different vegetation areas being conserved.

The biodiversity score for both vegetation protection examples is based on the value of different vegetation types.

Conservation tillage is suitable for dealing with conservation tillage actions where the management actions are general across all farm/soil areas being conserved. The second vegetation protection metric can be adapted for use if management actions need to vary across different soil types. The biodiversity score is based on reduced soil losses.

Capping fertiliser use is suitable for dealing with actions that cap fertiliser use and where these actions are general across all farm/soil areas being conserved. The second vegetation protection metric can be adapted for use if management actions need to vary across different soil types. The biodiversity score is based on reduced losses of Nitrogen and Phosphorus.

**Example metrics and bid assessment calculation
spreadsheets are provided in Appendix 1.4.**

A practical example of a bid assessment calculation for vegetation protection is also provided in the *Guidelines for Bid Development* document (Appendix 1.3).

7.6 A cautionary note

The information and examples outlined above has been provided to assist in the development of bid assessment metrics. This material has been presented in a simplified format to facilitate understanding and practical application. However, developing and designing an appropriate metric is complicated and in most circumstances, some addition advice should be sought. In particular, the following issues need to be given careful consideration:

- **Establishing an appropriate benchmark from which changes can be measured.** To ensure a conservation tender provides the required environmental outcomes, it is important to establish an appropriate benchmark for measuring changes in management practices or on-ground change. In Section 6.3.2 differences between maintaining and improving or repairing and restoring environmental condition are mentioned. A focus on any of these targets requires an understanding of current trends in environmental condition (declining, constant, or improving). It is also critical that baseline conditions are clearly defined, so that any the impact of any required change can be assessed. An appropriate metric should reflect an understanding of the trends in environmental condition and a clear understanding of the baseline or benchmark from which any change is determined.
- **Determining a Management Action Score.** This requires an understanding of the average effectiveness of a unit of management action on outcome delivery and the variance in this effectiveness. This is important because conservation contracts are specified on the delivery of management actions, not end-point outcomes.

7.7 Summary

The metric (method of assessing conservation outcomes) will need to be designed specifically for each tender process. In most cases, they can be adapted from other applications. The recommended metric consists of three main components:

1. The ecological significance of the environmental assets being considered (Biodiversity Significance Score – BSS),
2. The potential improvements in condition as a direct result of landholder management inputs (Management Action Score – MAS), and
3. Potential cooperation or combination issues that may need to be considered (Combination score – CS).

Not all of the steps may apply in each metric, and in those cases a step can be dropped out. Where more complex tenders are being considered (e.g. multiple outcomes or multiple bidding rounds), then specialist metrics will need to be developed.

8. Contract Design

Contract design refers to the structure of the agreements that are reached, and the monitoring and legal processes that bind subsequent behaviour.

Contract design issues can be important in a competitive tender because:

- They help to ensure that a mechanisms works as has been designed,
- They may influence the willingness of landholders to engage,

- They may influence the administrative costs of performing a tender,
- They may influence the compliance costs of landholders, and
- They specify the roles and responsibilities of the parties involved.

Some of the issues that should be considered in contract design are outlined as follows:

An example contract and payment schedule is provided in Appendix 1.5.

8.1 Length of contracts

Contract length can vary according to the situation. As a general rule, shorter term contracts are more appealing to landholders because they allow participants to trial a new mechanism and then withdraw at the end of the period if it is unsuitable. On the other hand, longer term contracts have more certainty, and may be more likely to be associated with improvements in biodiversity.

Where the emphasis is on changing landholder behaviour to alternative management patterns, then short term contracts might be very appropriate. This might occur for example where landholders are being asked to consider different farming practices that involve both private and public benefits, and where once the change is made, few further incentives are needed. The underlying focus of many NRM initiatives is to change perceptions and behaviour, suggesting that shorter term contracts may be appropriate in many project areas.

In cases where the withdrawal of landholders from contracts may reduce the viability of a tender mechanism, then longer term contracts may be more appropriate. An example of this might be a vegetation corridor, where corridor viability may be threatened if participants withdraw early.

8.2 Type of contract

There are several types of arrangements that can be made with landholders to formalise agreements. The main options include:

- Contracts that bind only current owners of land,
- Contracts that bind current and future owners of land,
- Covenants over land, and
- Conditions over leasehold land.

Covenants offer the most certainty for binding behaviour, but may not be as popular with landholders because of the perpetual time period and the perceived loss of property rights. Contracts are likely to be easier to organise

administratively, can be for specified time periods, and may be more acceptable to landholders. Leasehold land conditions may be complex to introduce, and may only be applicable in certain circumstances.

As a general rule, contracts are the preferred mechanism to formalise agreements with landholders.

8.3 Payment streams

As a general rule, it is better to spread payments over the life of a contract. This maintains engagement with landholders, creates an on-going link between management actions and payment amounts, and provides an incentive for compliance. Where landholders are being asked to perform a once-off activity, then a lump sum payment is more appropriate, but, the full lump sum payment should not be made before the activity has been completed.

There are some cases where initial capital costs are involved in conservation actions. There may also be cases where landholders need more initial funding to make a scheme more attractive. In these cases an incentive payment mechanism may need to be designed with a large initial payment and then a smaller annual payment stream.

There may also be circumstances where it is very important to maintain compliance to the end of an agreed period. In these cases an incentive payment mechanism may need to be designed with a smaller annual payment stream and a large final payment.

As a general rule, annual payments are the preferred mechanism to reward landholders.

8.4 Monitoring and enforcement

Monitoring and enforcement conditions are important because they ensure that mechanisms exist to complete agreements. These tend to be more important in tenders where there may be large compliance costs with contract arrangements, or financial incentives to break contracts.

However, monitoring and enforcement should not be too onerous or visible. As a general rule, landholders will enter into agreements in good faith, and little follow-up will be needed to ensure compliance. The design of an appropriate payment mechanism will also be important in ensuring compliance.

It may be possible for many monitoring activities to be non-obtrusive. Some possibilities for monitoring arrangements are as follows:

- Remote sensing,
- Photo points (landholders maintain/supply photos taken at regular time intervals),
- Random on-site inspection (arranged with landholders with preliminary notice), and
- Regular on-site inspection (arranged with landholders with preliminary notice).

While it is suggested that monitoring and enforcement should not be too onerous, they are essential to maintain the integrity of contract and tender process.

Monitoring and enforcement play an essential role in ensuring environmental outcomes are achieved and the credibility and integrity of the mechanism are maintained.

9. Project management

As much time and effort will need to be put into the preparation stage as in running the tender process. However, before the project is started, the main issue to consider is the budget constraint (refer to Section 5). This will determine the size and extend of the project which in turn influences the administrative resources required.

Once the project has started there are four main phases:

1. **Project preparation,**
2. **Running the tender,**
3. **Implementing the agreement, and**
4. **Project evaluation.**

9.1 Project preparation

There are several aspects and activities to be considered in the project preparation phase. Each is discussed below.

9.1.1 Tender design

You will need to consider the:

- Tender format (Section 6), which includes:
 - management action details
- Metric design (Section 7), and
- Contract design (Section 8) with includes:
 - length of agreement,

- payment schedule, and
- monitoring rules.

9.1.2 Project timelines

Once a decision has been made about the tender design, the timelines need to be determined and definite closing dates set for the submission of Expressions of Interest and Tender Offers. These are important dates and should be included in any promotional material. It will also be important to decide well in advance the exact dates of the bid evaluation period (see Table 4.1: Step 4) so that there is plenty of time to organise the assessment panel (see Section 9.1.7 below). Plenty of lead time will also be required to ensure the metric design is developed before the tender process begins.

9.1.3 Informational material

Promotional and informational material will need to be prepared. Promotional material can be designed and printed by the project staff or a professional service can be engaged. It is relatively easy to produce desk top publications, particularly if there is access to a good colour printer. Microsoft Publisher © is a good software program that has a variety of template designs that help to create a professional look. Creative designs are also easy to develop in with Microsoft Word ©. An example of a brochure prepared with Microsoft Word © is provided in Appendix 2. However, without a more sophisticated graphics software program, it is unlikely that an in-house job will create the professional product a commercial operator can provide. The more material required, the more cost effective using commercial operator will become.

An example promotional brochure is provided in Appendix 2.

Important information which should be presented in the promotional material includes:

- What are the benefits of the scheme (community and landholder)?
- Who is eligible?
- Describe the management option/s,
- How the scheme will work (outline the different stages),
- Describe your organisation and identify other partners,
- Where has funding come from?
- Provide contact details,
- Include a small map of the project area.

Information should be presented with plenty of pictures to make the document look attractive. If there are too many words, it might put some people off

reading the document. A single A4 sheet, or a double sided sheet could also be provided with an explanation of frequently asked questions. For example:

- Where do I begin - How do I register my interest?
- How do I submit an application?
- When do I submit my bid?
- How much money should I ask for?
- What if I change my mind?
- Is the process fair and equitable?
- Who are the winners?
- Is there more than one winner?
- How will I know if I have been successful?
- What type of agreement is involved?
- How long will an agreement be for?
- How will the bids be selected?

As well as information specific to the project, some information should be provided to allay the concerns landholders may have about the process. The concept of being paid for providing environmental services is new. Many landholders do not trust the government motives in making such payments, and some believe it means they will lose control of their land, while others see it as another step in a process that will see a further erosion of their property rights. Others might believe that signing a management agreement could affect the value of their property if they were considering selling. To address these concerns you could include comments such as:

- You are not losing land,
- You can still graze your land,
- You can still manage your land for productive outcomes, and
- (If appropriate) A contract is a legally binding arrangement between two parties. If you sold the property, the contract would not be binding on the new landholder.

In regions where low participation may be a problem, more emphasis will need to be put into project promotion and this is discussed further in Section 10.

A template *Expressions of Interest* form and a working example are provided in Appendix 1.1.

9.1.4 Bid development guidelines

All potential bidders (those who have registered an Expression of Interest) should be given a bid development and information package to help them develop and submit their bids. Material will need to include:

- Bid development guidelines (Appendix 1.3), which includes:
 - Project details
 - The basic steps in the tender process
 - Guidelines, information and working examples to assist bid calculation
 - Details of how bids will be evaluated
- Tender Offer form (Appendix 1.2),
- Map of their property (so they can indicate the location of their proposed activity), and
- Reference material.

Working examples and templates of all tender documents are provided in the Appendices. Some landholders will require assistance in developing their bids and it is important that they have access to help and information if required. It is important that potential bidders are not put-off because they find their bid calculation too difficult (see Section 10).

An example *Guidelines for bid development* document is provided in Appendix 1.3.

Part of the tender application requires bidders to outline on a map the area their bid relates to. They will need to be provided with a map for this purpose. There are various options. They can be provided with an aerial photograph; a simple map can be generated using GIS software (such a map is provided as an example in the example Tender Offer form), or a more sophisticated map can be developed with various layers of information that relate directly to the bid assessment components.

It would be useful to superimpose a grid onto the map that will help landholders assess the exact area included in their bid. Depending on the type of map presented to landholders, it might be easier to provide a grid on a transparent overlay which would apply to all properties.

There is a variety of supporting information that could also be provided in this package, such as best practice manuals, management activity guidelines (riparian buffer strips), information on environmental impacts, remedial actions, etc. Some short information pamphlets could be included but in general it is better to provide references to a range of material that might be available and where/ how it can be obtained, rather than providing large quantities of paper work that may be unwelcome.

Landholders might also need information about the management conditions that need to be met, so that they can accurately assess their costs. For example, if the management activity is focused on retaining a minimum grass cover, then some visual photographs should be included in the bid information package. Photographs of the different biomass levels (kg/ha) for different grass types can be obtained from the Department of Primary Industries and Fisheries.

A template *Tender Offer* form and a working example are provided in Appendix 1.2.

9.1.5 Website development

Creating a website for the tender is an optional process. The site can be developed for varying degrees of use, each of which will have a different associated cost.

A simple webpage that provides information on the tender process and access to all tender documentation will be easy to develop and can be incorporated into the “home” website.

A more advanced and interactive website could be linked to GIS software and provide access to property maps and other layers of information (vegetation, biodiversity assessment, etc). Depending on the complexity, such as site might cost approximately \$30,000 to design. However, once designed and at least one staff member is familiar with operating the site, it would require little further expertise.

A “super” site could be created that not only had access to different layers of information, but also have an in-built metric assessment tool. Landholders would be able to login to the site and view the different scores they might receive from different actions on different areas of their property. The whole tender process could be conducted on-line. However, a site of this nature would be very expensive to develop and would require considerable expertise to develop and operate. It is not recommended unless separate funding is available.

9.1.6 Metric design

Developing your metric design may be quite a lengthy process. If you require a design that requires more than a reasonably simple modification of the design/s discussed in Section 7, you will need to access external expertise. This may take time, as there are few people with the skills required and these people will be very busy.

9.1.7 Bid assessment panel

An assessment panel will need to be organised that will meet to assess the bids. A panel of 6-8 people will be sufficient. All the evaluation criteria (metrics) will be determined beforehand, and this panel will not be required to provide expert opinion on the relative merits of the bids. They will ensure a fair and equitable process of selection is followed. At least one landholder or industry representative should be included on the panel, but not if they are likely to put in a bid or are related to someone who might bid. There should be no suggestion of a conflict of interest. It is likely that some of the people invited to join this panel will be very busy and all candidates should be invited well in advance. Candidates can be informed of the specific dates when they will be required.

9.1.8 Probity issues

A probity plan should be developed to ensure that the competitive tender process is run in a fair and impartial manner. This plan needs to account for the following:

- A consistent and transparent process needs to be implemented to ensure that applications are assessed in a fair and objective manner.
- Consideration will need to be given to the advice landholders are given in the bid development stage, especially when site visits are made to ensure all landholders are provided with the same information.
- Potential, actual or perceived conflicts of interest need to be identified and resolved.
- Provisions need to be made for the secure storage of all bid application details to ensure confidentiality.
- Information and feedback provided to unsuccessful bidders will need to be outlined and prescribed protocols followed. A decision will need to be made about what information unsuccessful bidders are given. The relative bid value of unsuccessful bidders can be revealed but information about other bidders and their relative bid values should remain confidential.

9.2 Running the tender

The basic steps in running the tender are outlined in Section 4.

9.2.1 Information sessions

Holding information sessions will greatly improve both landholder and community understanding of the tender process.

One of the 10 National Market-Based Instrument Pilot Projects funded under the National Action Plan for Salinity and Water Quality (<http://www.napswg.gov.au/mbi/index.html>) was trialled in the Desert Uplands region of central western Queensland. A trial auction workshop was

developed as part of the project, and proved an excellent educational tool for both organisers and landholder participants to gain a thorough understanding of a competitive bidding process. Details of the workshop are presented in a research report.³ Conducting a series of trial tender workshops would be a valuable promotional tool and would ensure project staff have a clear understanding of the process as well as landholder participants.

9.2.2 Bid assistance

Many landholders are likely to require some form of assistance in developing their bids. Information about the bid assessment criteria and information and working examples should be provided in the Bid Development Guidelines (see Appendix 1.3 for details). Project staff should also be available for advice if required, but staff should be advised to be careful about the information they provide. The tender process should be open and accountable, but it is also important that staff providing advice to landholders are seen to be unbiased and that all landholder details remain private and confidential.

It is important that landholders develop their bids based on their own costs of providing the service, rather than on how much they believe is the “right” price which could be influenced by how much they believe the group organising the tender is willing to pay, or how much they believe other landholders are bidding.

It is important to ensure all bidders are provided with the same information and assistance.

9.3 Implementing the agreement

Once the contracts have been signed the agreements need to be implemented. This will involve:

- Sending out progress reports to landholders and ensuring they are completed,
- Assessing the progress reports,
- Meeting the payment schedule, and
- Implementing the monitoring policy.

All the details of which will be laid out in the contract (Section 8). A working example of a progress report is provided in Appendix 1.6).

³ Windle, J., Rolfe, J. C., McCosker, J.C., and Whitten, S. 2004 *Designing Auctions with Landholder Cooperation: Results from Experimental Workshops*, Establishing East-west Corridors in the Southern Desert Uplands Research Report No. 4, Environmental Protection Agency and Central Queensland University, Emerald. A copy of the report can be obtained from the lead author (j.windle@cqu.edu.au).

9.4 Project evaluation

It is important that the success of the project is evaluated so people can learn from the experience. An evaluation plan does not need to be complicated, but does need to be planned in advance so that it can be implemented and information collected throughout the project. Writing a report at the end of the project, that incorporated the evaluation, would provide very useful material for others interested in the tender process.

The following criteria and questions can be used as the basis for an evaluation.

- *Achieving the biophysical aims and objectives*
 - Were the project objectives achieved and the desired environmental outcomes/s realised?

- *Participation in the incentive program*
 - Report details of the number of expressions of interest submitted and how many translated through into bid submissions.
 - Were there enough bids - how competitive was the process?
 - Was landholder cooperation encouraged – was it successful? - explain.

- *Participant needs and expectations*
 - If there was a high drop out rate – why?
 - How many of the successful bidders signed management agreements: If some dropped out – why?
 - It would also be useful to assess what the landholders thought about the process. A very short telephone survey questionnaire could be developed and delivered to all people who registered an “Expression of Interest” with questions such as:
 - Do you think the auction process was successful?
 - What worked well – what could be improved?
 - Would you participate in another auction?

- *Regional NRM body needs and expectations*
 - Did participants submit their progress report in a timely fashion? – provide details.
 - Did participants comply with the agreements? – give details.
 - Was there a selection of management actions? Were some more commonly selected than others – why?
 - Was the tender easy to administer, e.g. was the administration burdensome; did the regional body have staff capacity to administer the incentive mechanism; were the administrative costs acceptable? (Detailed records of administrative and other cost will need to be recorded).
 - Was the tender mechanism cost effective, e.g. did the regional NRM body get the ‘best bang for their buck’?

Another website that might be of use is
<http://citnews.unl.edu/TOP/english/index.html>

10. Participation rates

An effective tender process requires a sufficient number of participants to ensure that only the most competitive bids, i.e. those that represent the best value for money, will be selected. Ideally there should be a range of bids that are accepted and a range of bids that are not accepted. However, the number of bids that can be accepted will depend on the budget allocation (see Section 5). If relatively few bids are offered, the situation might arise where all bids, including those which do not represent good value for money, will be accepted, although the setting of a reserve price can overcome this problem (Section 6.3.5).

In addition, if landholders in the area where the project is being run also know that there will only be a few participants, then there is an incentive for them to increase their bid prices as they know there will be less competition.

Low participation rates may be a problem.

A competitive tender will be successful if:

- Public funds are allocated efficiently,
- Landholders are compensated for the private costs they incur, and
- The best environmental outcomes are achieved.

In some of the more remote regions in Queensland it might be difficult to find a large enough group of landholders willing to participate in a competitive tender. This is because the competitive tender process itself is new to landholders. Until this incentive mechanism becomes a more widely adopted, there will be uncertainty and some scepticism surrounding the process, which in more sparsely populated areas is likely to translate into low participation rates.

In general the following conditions should apply:

1. **Competitive systems work better with more participants. Ideally there should be more than 15 bidders in a tender.**
2. **Competition can be effective with smaller numbers, but there should be at least eight active bidders.**
3. **Competition for conservation tenders can be strengthened by asking for multiple bids from each participant (eg over different parts of their properties). This is recommended if fewer than 10 participants are likely to be involved in the conservation tender process.**

10.1 Improving participation rates

The steps involved in coping with low participation rates are outlined in Figure 10.1. It will be necessary to consider both the number or pool of potential participants, and the proportion that are likely to respond to the tender. The former will be determined by the size of the area that is focused upon. Increasing the size of the target area will increase the pool of potential participants. Another factor that will affect the pool of potential participants will be the environmental focus. For example, if the focus is on riparian management, landholders will have to have a property with a river of sufficient size. The broader the management actions required to achieve the stated environmental objective, the broader will be the pool of potential participants.

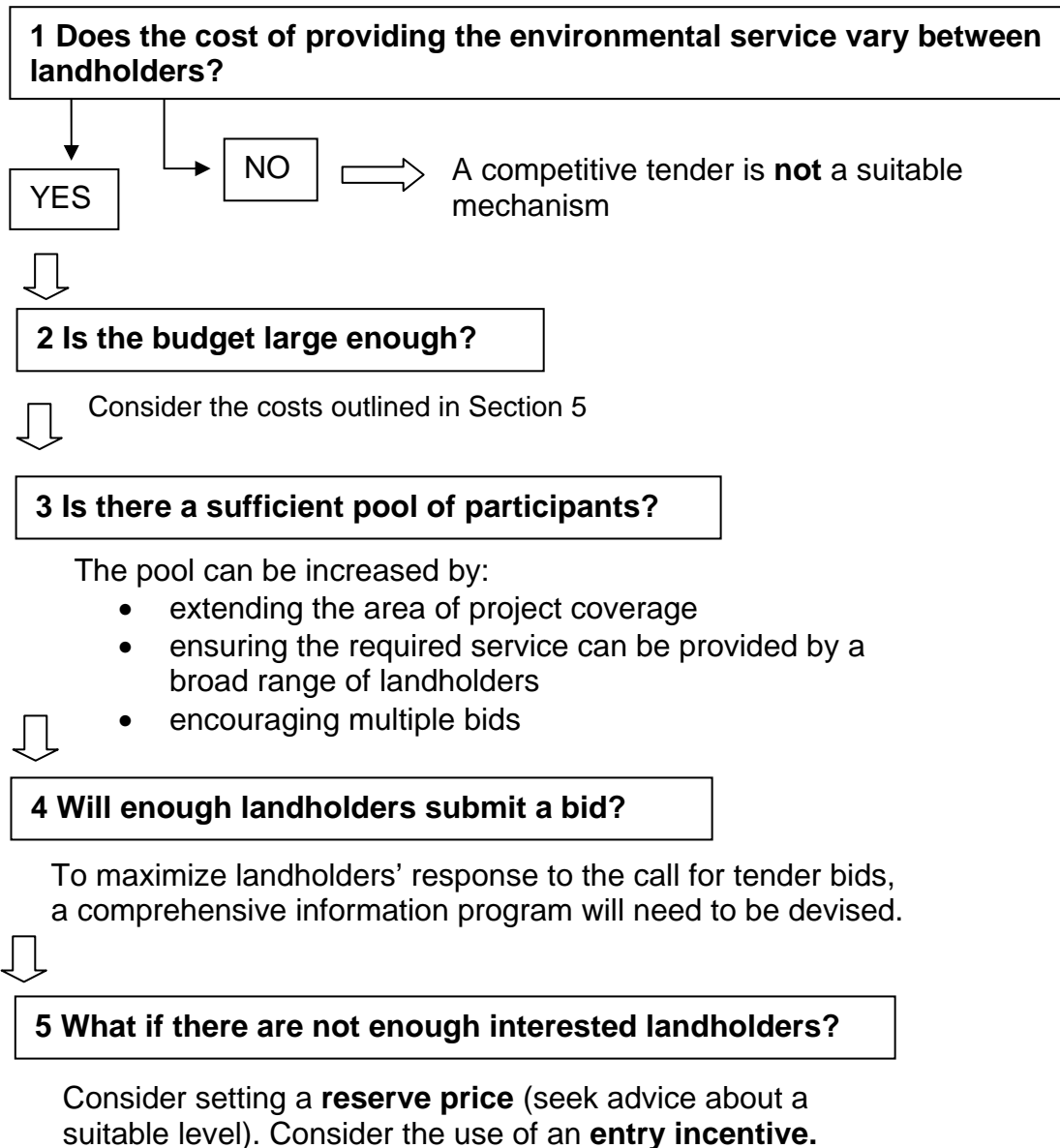
Another option to increase competition is to encourage multiple bids from landholders. For example, this might occur by asking for action at a paddock level, and having landholders submit several paddocks in a bidding process. (See Section 4, Step 3 of the *Guidelines for Bid Development* in Appendix 1.3).

Landholder attitudes will have a primary influence on the response rate to an auction, such as attitudes to:

- Government funded incentive schemes,
- Legally binding management agreements,
- Property rights, particularly on freehold land,
- Uncertainty about an auction process,
- Uncertainty about all the costs involved and the potential for hidden costs,
- The costs of developing a bid and the likelihood of success, and
- The need to undertake actions if they believe there is no problem.

Attitudes can be influenced and changed, and as much effort as possible will need to be put into providing information to landholders and encouraging them to enter the tender process.

Figure 10.1 Coping with low participation rates



Visiting and discussing the project with landholders on their property should be encouraged in the period when bids are being developed.

The tender design formats recommended in this document have been simplified and are similar to that of a devolved grant with which landholders are familiar. These similarities can be emphasized to reassure some landholders and address their concerns.

It is important to build trust and be honest and open about the process. For example, full details of how the bids will be assessed and the evaluation metrics should be provided. (See details provided in the *Guidelines for Bid*

Development in Appendix 1.3)⁴. Bidders should also understand the metrics so that they have a clear incentive to offer the most valued components.

Another way of improving participation rates will be to relax some of the rules in specific circumstances. For example, the tender guidelines specify that submitting an Expression of Interest is a formal requirement for entry in the competitive tender process. This is to make process administration more manageable, but the rule could be relaxed. In addition the closing dates need not be strictly adhered to.

10.1.1 Participation incentives

To encourage more people to participate consideration could be given to the provision of a **bid entry incentive** to all participants. Careful consideration needs to be given to the type of incentive, if it is financial, it might encourage participation, but it might also attract bogus bids.

In one competitive tender scheme in New South Wales, everyone who registered an Expression of Interest (EOI) was given a site assessment visit. This proved popular, but many people registered an EOI simply to receive the site assessment, without ever intending to submit a bid in the tender process.

A possible incentive might be that they receive an aerial photograph of their property (a copy of which will be used for them to indicate the area of activity when they submit their tender bid).

Some landholders may find the process of developing their bid quite difficult. It will take time and they may need to seek advice. If the costs are too high, it may deter some landholders from placing a tender bid and it would be reasonable to provide some form of assistance or reimbursement.

11. Tender documents

In this section all the documents needed to run a competitive tender are provided. There are document templates, where project specific details need to be incorporated and there are fully completed documents to be used as working examples. To provide details for the example documents a fictitious project has been created and details are outlined in Example Box 11.1.

⁴ In some competitive systems revealing the bid assessment metrics is not advised as it can encourage strategic behaviour. However, in a single bidding round this is not an issue.

Example Box 11.1: Details of the fictitious project on which the documentation in this section is based.

Project name: Competitive Contracts for Catchment Care (C4)

Location: Stone river sub-catchment / Sand river basin

Target: extensive grazing management

Governing NRM group: Sandstone Alliance.

Other project partners: Stone Graziers Association, the Sandstone Regional Organisation of Councils, and Stonewall University.

The Competitive Contracts for Catchment Care (C4) project is designed to develop voluntary partnerships with landholders in the Stone river catchment area in the Sand river basin. The program is organized by the Sandstone Alliance in partnership with the Stone Graziers Association, the Sandstone Regional Organisation of Councils, and Stonewall University. The scheme is funded by the Federal and State Governments under the National Action Plan for Salinity and Water Quality. All landholders in the three Shires of Granite, Limestone and Marble are invited to participate in the program.

Three Management Options have been created.

- **Management Option A: Single action – single level**

Biodiversity conservation: - maintain minimum ground cover standards

- **Management Option B: Single action – multiple levels**

Same as Option A – choice of three ground cover standards

- **Management Option C: Multiple actions and levels**

Riparian management - 2 compulsory activities with a selection of levels (width of buffer strip and minimum grass cover), and optional activities with a selection of levels (stock exclusion)

A brief outline of the different Management Options, including: the objectives; management activities; management levels, and how the bids will be assessed, are provided in the example Expression of Interest form (Appendix 1.1.1).

Appendix 1 Tender documents

Appendix 1.1 Expression of Interest forms

Appendix 1.1.1 Example Expression of Interest form

Appendix 1.1.2 Template Expression of Interest form

Appendix 1.1.1 Example Expression of Interest form

Competitive Contracts for Catchment Care (C4)

Insert logos

EXPRESSION OF INTEREST

CLOSING DATE: (31st May 2005)

The Competitive Contracts for Catchment Care (C4) program is designed to develop voluntary partnerships with landholders in the Stone river catchment area in the Sand river basin. The program is organised by the Sandstone Alliance in partnership with the Stone Graziers Association, the Sandstone Regional Organisation of Councils, and Stonewall University. The scheme is funded by the Federal and State Governments under the National Action Plan for Salinity and Water Quality. All landholders in the three Shires of Granite, Limestone and Marble are invited to participate in the program.

Management Option A: Single action – single level

The objective of the scheme is to maintain and improve biodiversity on extensive grazing land. To achieve these outcomes, the program will focus on the retention of pasture grass in different vegetation types.

If you wish to submit a tender, you will be required to manage your grazing land to ensure a certain amount of pasture is retained at the end of the dry season. The value of your bid should reflect the associated costs. The relative bid value will be assessed on the biodiversity value of different vegetation types and the bid amount. The highest relative bid values will be accepted.

Management Option B: Single action – multiple levels

The objective of the scheme is to maintain and improve biodiversity on extensive grazing land. To achieve these outcomes, the program will focus on the retention of pasture grass in different vegetation types.

If you wish to submit a tender, you will be required to manage your grazing land to ensure a certain amount of pasture is retained at the end of the dry season. You will be able to choose from a selection of management levels. The value of your bid should reflect the associated costs. The relative bid value will be assessed on the biodiversity value of different vegetation types, the management level you select, and the bid amount. The highest relative bid values will be accepted.

Management Option C: Multiple actions and levels

The objective of the scheme is to maintain and improve water quality in the catchment area. To achieve these outcomes, the program will focus on the management of river frontage areas.

If you wish to submit a tender, you will be required to manage your river frontage areas to ensure a certain amount of pasture is retained at the end of the dry season. You will also be required to maintain a minimum buffer width. However, you will be able to choose the level or standard you wish to achieve. In addition, you will be able to choose from a selection of other management options and different levels of achievement. The value of your bid should reflect the associated costs of maintaining these management levels. The relative bid value will be assessed on the water quality values of the different management options, the management level you select, and the bid amount. The highest relative bid values will be accepted.

This form is an Expression of Interest only and does not bind or commit you in any way. Once you have submitted this form you will be contacted by a C4 Support Officer, who will be able to provide further information about the tender process and provide assistance in the development of your bid if required.

The Expression of Interest is a formal requirement for entry into the tender. If you do not complete this form you will not be eligible to offer a bid in the tender. However, submission of this form places no obligation on landholders or the Sandstone Alliance and the project partners.

EXAMPLE: Management Option A: Single action – single level

MANAGEMENT CONDITIONS

The objective of this project is to maintain and improve biodiversity by retaining pasture grass in different vegetation types. Landholders who put in a tender bid will be expected to meet certain management conditions.

Cattle can still be grazed in this area, but reasonable steps should still be taken to manage pests and weeds because you still own and control the land. The following conditions apply:

- Commitment to retain a certain amount of pasture at the end of the dry season annually – about 1500kg/ha.
- Fire is allowed but the area must be destocked until minimum biomass is reached.
- No additional exotic plant species can be introduced deliberately.

SECTION 1: PROPOSED MANAGEMENT AREA

We would like some information on the approximate area of different vegetation types on your property that you might consider managing in this way if you were to put in a tender offer.

Vegetation type	Proposed Management Area Indicate acres or hectares
Brigalow scrub	
Box country	
Broadleaf Ironbark	
Narrowleaf Ironbark/wattle	
Cleared country	
Total area	

EXAMPLE: Management Option B: Single action – multiple levels

MANAGEMENT CONDITIONS

The objective of this project is to maintain and improve biodiversity by retaining pasture grass in different vegetation types. Landholders who put in a tender bid will be able to select which level of management condition they are willing to attain.

Cattle can still be grazed in this area, but reasonable steps should still be taken to manage pests and weeds because you still own and control the land. The following conditions apply:

- Commitment to retain a certain amount of pasture at the end of the dry season annually:

Either:*

- a) about 1500-1700 kg/ha
- b) about 1750-2000 kg/ha
- c) about 2050- 2200kg/ha (do not recommend high levels if they are likely to become a fire hazard)

* These examples are for illustrative purposes. It might be more realistic in terms of pasture biomass to only recommend two levels.

- Fire is allowed but the area must be destocked until minimum biomass is reached.
- No additional exotic plant species can be introduced deliberately.

SECTION 1: PROPOSED MANAGEMENT AREA

We would like some information on the approximate area of different vegetation types on your property that you might consider managing in this way if you were to put in a tender offer.

Vegetation type	Proposed Management Area		
	Indicate acres or hectares		
	Option A 1500-1700 kg/ha	Option B 1750-2000 kg/ha	Option C 2050-2200 kg/ha
Brigalow scrub			
Box country			
Broadleaf Ironbark			
Narrowleaf Ironbark/wattle			
Cleared country			
Total area			

EXAMPLE: Management Option C: Multiple actions and levels

MANAGEMENT CONDITIONS

The objective of this project is to maintain and improve water quality through the management of river frontage areas. Landholders who put in a tender bid will be able to select which management options and/or the level of management condition they are willing to attain.

Cattle can still be grazed in this area, but reasonable steps should still be taken to manage pests and weeds because you still own and control the land.

<p>Management Condition 1</p> <p>Distance from the top of the main bank</p> <p>Level A: Minimum 50 metres Level B: Minimum 75 metres Level C: Minimum 100 metres</p>	<p>Management Condition 2</p> <p>Minimum grass cover retained</p> <p>Level A: about 1500-1700 kg/ha Level B: about 1750-2000 kg/ha Level C: about 2050-2200 kg/ha</p>
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<p>Management Condition 3</p> <p>Percentage of the year stock excluded</p> <p>Level A 40% Level B 50% Level C 60%</p>	<p>Management Condition 4</p> <p>Specify</p> <p>Level A: specify Level B: specify Level C: specify</p>
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You are not required at this stage to select any management options or levels. However if you submit a tender bid you will be required to select one level from Management Condition 1 and Management Condition 2. Management Conditions 3 and 4 are optional. However, selecting a level will improve the relative value of your bid.

SECTION 1: PROPOSED MANAGEMENT AREA

We would like some information on the approximate area of river frontage that you control on your property that you might consider managing separately if you were to put in a tender offer.

	Name of waterway/ creek	Name of waterway/ creek	Kilometres to be managed
River on the edge of your property			
River within your property. <i>*count each side separately</i>			
Total number of kilometres of waterway on your property			

EXAMPLE: Management Options A-C

SECTION 2. LANDHOLDER AND PROPERTY DETAILS

Landholder name	Contact (if not landholder)
Postal Address	Phone
	Fax
	Mobile
	Email
Property name	Property ID
Property address (if different from postal address)	

Please send you completed form by mail to the address below.

(Forms must be postmarked on or before 31st May 2005)

C4 - Expression of Interest

Sandstone Alliance

PO Box 398

Goodmayes Q.4718

For further information please contact:

Jane Smith

John Smith

Tel:

Tel:

Mobile:

Mobile:

Appendix 1.1.2 Template Expression of Interest form

Insert project title here

Insert logos

EXPRESSION OF INTEREST
CLOSING DATE: (*Insert date*)

[*Insert paragraph*] with project details, including:

- name of organising agency and associated partners
- who is funding the scheme
- who is eligible

[*Insert paragraph*] with the objectives of the scheme and how these will be achieved.

[*Insert paragraph*] to explain what they will need to do if they submit a tender, how the bids will be assessed, and which bids will be selected.

[*Insert paragraph*] with details of what happens next. (provide details of relevant closing dates)

This form is an Expression of Interest only and does not bind or commit you in any way. Once you have submitted this form you will be contacted by a [*insert name*] Officer, who will be able to provide information about the auction process and provide assistance in the development of your bid, if required.

[*Insert paragraph*] stating an EOI places no obligation on the landholder or any organisation associated with the project. BUT it is a formal requirement for entry into the competitive tender process.

The Expression of Interest is a formal requirement for entry into the auction. If you do not complete this form you will not be eligible to make a bid in the auction. (This condition can be relaxed if low participation rates are a concern). However, submission of this form places no obligation on landholders or the [*insert name*] and the project partners

MANAGEMENT CONDITIONS

[insert details of any baseline management conditions and outline the management actions/levels landholders will be required to make in the tender bid.]

SECTION 1: PROPOSED MANAGEMENT AREA

We would like some information on the approximate area on your property that you might consider managing in this way if you were to put in a tender offer.

Collect details of the area of the property that landholders might consider in submitting their bids. Information in this section is not essential and should be used to focus landholders to seriously consider a potential bid.

SECTION 2 – Landholder and Property details

Landholder name	Contact (if not landholder)
Postal Address	Phone
	Fax
	Mobile
	Email
Property name	Property ID
Property address (if different from postal address)	

Please send you completed form by mail to the address below.

(Forms must be postmarked on or before the closing date)

<p>(Insert project title)</p> <p>Expression of Interest</p> <p>Mailing address: [name] [address] [address]</p>

For further information please contact:

Jane Smith

John Smith

Tel:

Tel:

Mobile:

Mobile:

Appendix 1 Tender documents

Appendix 1.2 Tender forms

Appendix 1.2.1 Example Tender Offer form

Appendix 1.2.2 Template Tender Offer form

Appendix 1.2.1 Example Tender Offer Form

Competitive Contracts for Catchment Care (C4)

Insert logos

<p style="text-align: center;">TENDER OFFER FORM CLOSING DATE: 31st July 2005</p>

All tender offers should be posted to:

C4 – Tender Offer
Sandstone Alliance
PO Box 398
Goodmayes Q.4718

Any offers postmarked later than will not be accepted.

For further information please contact:

Jane Smith

John Smith

Tel:

Tel:

Mobile:

Mobile:

SECTION 1 Landholder and Property Details

Landholder name	Contact (if not landholder)
Postal Address	Phone
	Fax
	Mobile
	Email

Property name	Property ID
Property address (if different from postal address)	

CONFIDENTIALITY

All details presented in this tender document will remain confidential. To ensure impartiality during the assessment process this page will be separated from the rest of your application.

EXAMPLE: Management Option A: Single action – single level

SECTION 2 Management Conditions

The objective of this project is to maintain and improve biodiversity by retaining pasture grass in different vegetation types. If you put in a tender bid you will be expected to meet the following management conditions.

Cattle can still be grazed in this area, but reasonable steps should still be taken to manage pests and weeds because you still own and control the land. The following conditions apply:

- Commitment to retain a certain amount of pasture at the end of the dry season annually – about 1500kg/ha.
- Fire is allowed but the area must be destocked until minimum biomass is reached.
- No additional exotic plant species can be introduced deliberately.

SECTION 3. Proposed Management Area

Please provide details of the different vegetation types in the proposed management area

Vegetation type	Proposed Management Area Indicate acres or hectares
Brigalow scrub	
Box country	
Broadleaf Ironbark	
Narrowleaf Ironbark/wattle	
Cleared country	
Total area	

EXAMPLE: Management Option B: Single action - multiple levels

SECTION 2. Management Conditions

The objective of this project is to maintain and improve biodiversity by retaining pasture grass in different vegetation types. If you put in a tender bid you will be expected to meet the following management conditions. You can select which management level you wish to achieve.

Cattle can still be grazed in this area, but reasonable steps should still be taken to manage pests and weeds because you still own and control the land. The following conditions apply:

- Commitment to retain a certain amount of pasture at the end of the dry season annually:

Either:

- a) **Management level A: about 1500-1700 kg/ha**
 - b) **Management level B: about 1750-2000 kg/ha**
 - c) **Management level C: about 2050- 2200kg/ha**
- Fire is allowed but the area must be destocked until minimum biomass is reached.
 - No additional exotic plant species can be introduced deliberately.

SECTION 3 Proposed Management Area/s

Please provide details of the different vegetation types in the proposed management area and the management option you have selected. If different management levels apply to different areas on your property complete a separate table for each area.

You might wish to submit separate bids for different areas see Section 4 in the bid development guidelines

AREA ID	Proposed Management Area		
Use same ID number on the property map	Indicate acres or hectares		
Vegetation type	Level A 1500-1700 kg/ha	Level B 1750-2000 kg/ha	Level C 2050-2200 kg/ha
Brigalow scrub			
Box country			
Broadleaf Ironbark			
Narrowleaf Ironbark/wattle			
Cleared country			
Total area			

Competitive tenders for conservation contracts

AREA ID Use same ID number on the property map	Proposed Management Area Indicate acres or hectares		
Vegetation type	Level A 1500-1700 kg/ha	Level B 1750-2000 kg/ha	Level C 2050-2200 kg/ha
Brigalow scrub			
Box country			
Broadleaf Ironbark			
Narrowleaf Ironbark/wattle			
Cleared country			
Total area			

AREA ID Use same ID number on the property map	Proposed Management Area Indicate acres or hectares		
Vegetation type	Level A 1500-1700 kg/ha	Level B 1750-2000 kg/ha	Level C 2050-2200 kg/ha
Brigalow scrub			
Box country			
Broadleaf Ironbark			
Narrowleaf Ironbark/wattle			
Cleared country			
Total area			

EXAMPLE: Management Option C: Multiple actions and levels

SECTION 2. Management Conditions

The objective of this project is to maintain and improve water quality through the management of river frontage areas. If you put in a tender bid you will be able to select which management condition and/or management level you are willing to achieve.

You are required to select one level from Management Condition 1 and Management Condition 2. Management Conditions 3 and 4 are optional, but selecting a level will improve the relative value of your bid.

Cattle can still be grazed in this area, but reasonable steps should still be taken to manage pests and weeds because you still own and control the land.

<p>Management Condition 1</p> <p>Distance from the top of the main bank</p> <p>Level A: Minimum 50 metres Level B: Minimum 75 metres Level C: Minimum 100 metres</p>	<p>Management Condition 2</p> <p>Minimum grass cover retained</p> <p>Level A: about 1500-1700 kg/ha Level B: about 1750-2000 kg/ha Level C: about 2050-2200 kg/ha</p>
-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

<p>Management Condition 3</p> <p>Percentage of the year stock excluded</p> <p>Level A 40% Level B 50% Level C 60%</p>	<p>Management Condition 4</p> <p>Specify</p> <p>Level A: specify Level B: specify Level C: specify</p>
--------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------

SECTION 3 Proposed Management Area

You should complete a different Management Area Table for different rivers or sections of rivers on your property. (More pages are available on request). **You might wish to submit separate bids for different areas see Section 4 in the bid development guidelines**

Management Area Table A

Area ID (use the same number to identify the area on your property map)

Name of waterway/creek _____

Kilometres to be managed _____

You are required to select a management level in Management Condition 1 and 2

Management Condition 1	
Distance from the top of the main bank	
	<i>Indicate level</i>
Level A: Minimum 50 metres	<input type="checkbox"/>
Level B: Minimum 75 metres	<input type="checkbox"/>
Level C: Minimum 100 metres	<input type="checkbox"/>

Management Condition 2	
Minimum grass cover retained	
	<i>Indicate level</i>
Level A: about 1500-1700 kg/ha	<input type="checkbox"/>
Level B: about 1750-2000 kg/ha	<input type="checkbox"/>
Level C: about 2050-2200 kg/ha	<input type="checkbox"/>

Selecting a management level in Management Condition 3 and 4 is optional

Management Condition 3	
Percentage of the year stock excluded	
	<i>Indicate level</i>
Level A: 40%	<input type="checkbox"/>
Level B: 50%	<input type="checkbox"/>
Level C: 60%	<input type="checkbox"/>

Management Condition 4	
<i>Specify</i>	
	<i>Indicate level</i>
Level A: <i>Specify</i>	<input type="checkbox"/>
Level B: <i>Specify</i>	<input type="checkbox"/>
Level C: <i>Specify</i>	<input type="checkbox"/>

Management Area Table B

Area ID (use the same number to identify the area on your property map)

Name of waterway/creek _____

Kilometres to be managed _____

You are required to select a management level in Management Condition 1 and 2

Management Condition 1	
Distance from the top of the main bank	
	<i>Indicate level</i>
Level A: Minimum 50 metres	<input type="checkbox"/>
Level B: Minimum 75 metres	<input type="checkbox"/>
Level C: Minimum 100 metres	<input type="checkbox"/>

Management Condition 2	
Minimum grass cover retained	
	<i>Indicate level</i>
Level A: about 1500-1700 kg/ha	<input type="checkbox"/>
Level B: about 1750-2000 kg/ha	<input type="checkbox"/>
Level C: about 2050-2200 kg/ha	<input type="checkbox"/>

Selecting a management level in Management Condition 3 and 4 is optional

Management Condition 3	
Percentage of the year stock excluded	
	<i>Indicate level</i>
Level A: 40%	<input type="checkbox"/>
Level B: 50%	<input type="checkbox"/>
Level C: 60%	<input type="checkbox"/>

Management Condition 4	
<i>Specify</i>	
	<i>Indicate level</i>
Level A: <i>Specify</i>	<input type="checkbox"/>
Level B: <i>Specify</i>	<input type="checkbox"/>
Level C: <i>Specify</i>	<input type="checkbox"/>

Management Area Table C

Area ID (use the same number to identify the area on your property map)

Name of waterway/creek _____

Kilometres to be managed _____

You are required to select a management level in Management Condition 1 and 2

Management Condition 1	
Distance from the top of the main bank	
	<i>Indicate level</i>
Level A: Minimum 50 metres	<input type="checkbox"/>
Level B: Minimum 75 metres	<input type="checkbox"/>
Level C: Minimum 100 metres	<input type="checkbox"/>

Management Condition 2	
Minimum grass cover retained	
	<i>Indicate level</i>
Level A: about 1500-1700 kg/ha	<input type="checkbox"/>
Level B: about 1750-2000 kg/ha	<input type="checkbox"/>
Level C: about 2050-2200 kg/ha	<input type="checkbox"/>

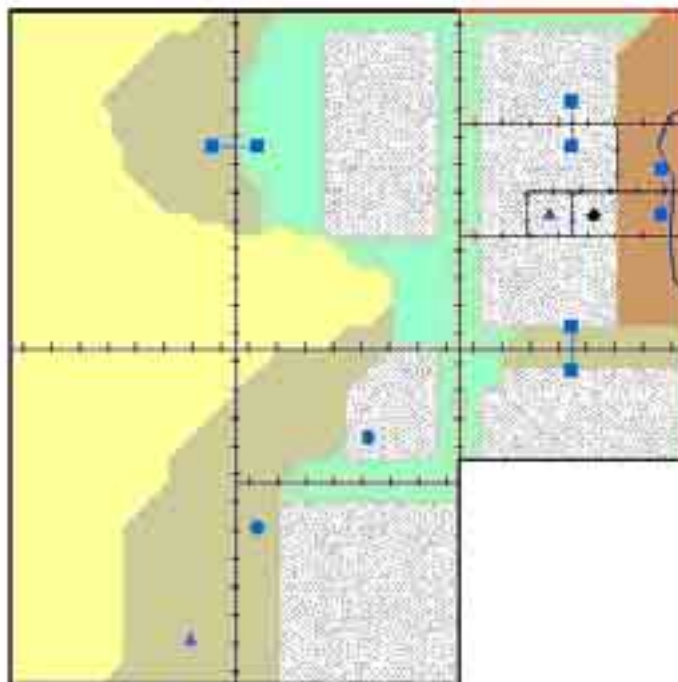
Selecting a management level in Management Condition 3 and 4 is optional

Management Condition 3	
Percentage of the year stock excluded	
	<i>Indicate level</i>
Level A: 40%	<input type="checkbox"/>
Level B: 50%	<input type="checkbox"/>
Level C: 60%	<input type="checkbox"/>

Management Condition 4	
<i>Specify</i>	
	<i>Indicate level</i>
Level A: <i>Specify</i>	<input type="checkbox"/>
Level B: <i>Specify</i>	<input type="checkbox"/>
Level C: <i>Specify</i>	<input type="checkbox"/>

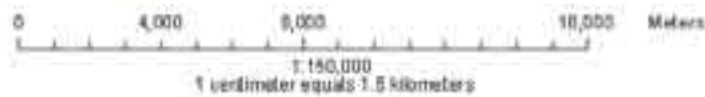
SECTION 4 Indicate location of activity on the farm map provided (attach here)

**PROPERTY D
"DUNAIRD"
(32,000ha / 79,072acres)**



LEGEND

Waters	Vegetation	Property Boundary
▲ Stone	■ Pine	□ Property Boundary
● Dam	■ Grass	--- Fenceline
▲ House	■ Oak/Poplar	— Roadway
■ Trough	■ Silver Birch/Poplar	— Watercourse
	■ Yellow-pine	
	(1,500ha / 37,500 acres)	
	(8,000ha / 20,000 acres)	
	(7,500ha / 18,750 acres)	
	(5,000ha / 12,500 acres)	
	(8,000ha / 20,000 acres)	



SECTION 5 The amount of your bid

Enter the amount of your bid in the box below.

Bid amount: \$

SECTION 6 Declaration

- I declare that the information presented in this application is complete and accurate.
- I understand that submission of this tender bid does not guarantee funding and all applications will be assessed on the criteria specified in the guidelines.
- I understand that while submission of this tender bid places no obligation on me at this stage, if this tender is accepted, it is my intention to fulfil the terms outlined in this offer.

Signed:		Date:	
----------------	--	--------------	--

Appendix 1.2.2 Template Tender Offer Form

Insert project title here

Insert logos

TENDER OFFER FORM CLOSING DATE: (insert date)

All tender offers should be posted to:
(Insert postal address here)

Any offers postmarked later than will not be accepted.

For further information please contact:

Jane Smith

John Smith

Tel:

Tel:

Mobile:

Mobile:

SECTION 1 Landholder and Property Details

Landholder name	Contact (if not landholder)
Postal Address	Phone
	Fax
	Mobile
	Email
Property name	Property ID
Property address (if different from	

postal address)	
-----------------	--

CONFIDENTIALITY

All details presented in this tender document will remain confidential. To ensure impartiality during the assessment process this page will be separated from the rest of your application.

SECTION 2 MANAGEMENT CONDITIONS

Describe the management conditions – cut and paste from EOI refer to examples.

SECTION 3 Proposed Management Area

Cut and paste from EOI – refer to examples

SECTION 4 Indicate location of activity on the farm map provided and attach here

(see Section 4 of the guidelines)

SECTION 5 The amount of your bid

Enter the amount of your bid in the box below.

Bid amount: \$

SECTION 6 Declaration

- I declare that the information presented in this application is complete and accurate.
- I understand that submission of this tender bid does not guarantee funding and all applications will be assessed on the criteria specified in the guidelines.
- I understand that while submission of this tender bid places no obligation on me at this stage, if this tender is accepted, it is my intention to fulfill the terms outlined in this offer.

Signed:		Date:	
----------------	--	--------------	--

Appendix 1 Tender documents

Appendix 1.3 Guidelines for bid development

Appendix 1.3 Guidelines for bid development

Competitive Contracts for Catchment Care (C4)

Insert logos

Insert photo

Guidelines for Bid Development

Insert name of organisation

For more information contact:

EXAMPLE TENDER GUIDELINES

1 Introduction

Provide a short introduction about your organization and the work you do – half a page at the most.

Outline the partners of this project and where the funding is coming from.

2 Project Description

Provide a brief project description. Keep it brief – half a page at the most – this information should have already been provided in the promotional material.

EXAMPLE: TENDER GUIDELINES

3 The Auction Process

Step 1 Calls for expressions of interest

Information about the project can be obtained from the project officers:

Jane Smith

Tel: 07 1234 5678

Mobile: 0419 123 345

John Smith

Tel: 07 1234 5678

Mobile: 0419 123 345

To be eligible to enter the tender process landholders must submit an expression of interest.

Calls for Expressions of Interest close on 31st May 2005

Step 2: Landholders receive tender documents

Landholders will receive a tender information pack that includes the Tender Offer forms and details about how to develop and submit a bid. Further assistance can be obtained from the project officers.

Step 3: Tender bids submitted

All tender bids must be submitted by **31st July 2005**

Step 4: Bids are assessed and results sent out

All bidders will be notified of the results **two weeks** after bidding has have closed.

Step 5: Management contracts are signed

A site visit will be made to all successful landholders and management contracts established. A payment schedule will be determined; based on the submission of regular progress reports, and monitoring conditions outlined. All conditions will be set out in the contract.

Step 6: Implementation

Payments, progress reports and monitoring will take place as outlined in the contracts.

EXAMPLE TENDER GUIDELINES

4 Developing your tender bid

The forms you require to complete your bid are enclosed in this information kit. A step by step guide to preparing your bid is provided below. You must complete and return all Sections (1-6) of the Tender Offer form.

Step 1

Provide personal and property details as required in Section 1.

Step 2

[Management Option A]

You are required to meet certain management conditions which are specified in Section 2. If you accept these conditions you should then decide the area of your property that you are prepared to manage in this way. In Section 3 you are required to distinguish between the different broad vegetation types and the management area associated with each.

[Management Option B]

You are required to meet certain management conditions which are specified in Section 2. If you accept these conditions you should then decide the level of management you wish to select and the area of your property that you are prepared to manage in this way. In Section 3 you are required to distinguish between the different broad vegetation types; the management area and the management level, associated with each.

[Management Option C]

You are required to meet certain management conditions which are specified in Section 2. If you accept these conditions you should then decide the level of management you wish to select and the area of your property that you are prepared to manage in this way. In Section 3 you are required to distinguish between the different management levels for Management Conditions 1 and 2. Choosing a management levels for Management Conditions 3 and 4 is optional. however, selecting one of the levels may increase the relative value of your overall bid.

STEP 3

At this stage you should consider the possibility of managing different areas on your property in different ways. If this is the case you have two choices.

1. You can complete more than one Proposed Management Area in Section 3 with each applying to a different area on your property. In this case, the relative value of your bid will be assessed on **all** Management Areas and if your bid is successful, one contract will be written that will apply to all areas.
2. You can submit a number of different tender bids. In this case, the relative value of each bid will be assessed **separately** and separate contracts will be drawn up for each bid that is successful.

(more forms are available on request)

EXAMPLE TENDER GUIDELINES

Step 4

You must indicate on the property map provided, the area of your property included in the tender offer. If you have more than one Proposed Management Area [*does not apply to Management Option A*] complete the Area ID in the table/s in Section 3 and clearly mark the area on the map with the same identity number.

Step 5

Once you have decided the area of your property that you are prepared to manage separately, you need to decide how much this management change will cost you and this will determine your bid amount. You should also consider any benefits that the management change might provide and these should be subtracted from the costs.

Example: In this C4 tender, we are looking for a commitment to maintain a certain level of grass cover. This might mean you will have to reduce your stocking rates. However, the reduction in stocking rate might vary in different vegetation types, as will the value of production per beast. There is a practice worksheet and guide in Appendix A.1 that may help you calculate your costs, and some examples of stocking rates that might apply in the Sandstone Uplands area (Appendix A.2). You should use these examples for guidance only and apply the values that you consider appropriate to your own particular circumstances.

Enter the amount of your bid in Section 5.

Step 6

Read the declaration in Section 6 – then sign and date the form

EXAMPLE: TENDER GUIDELINES

5 Submitting your bid

All bids should be sent to

C4 – Tender Offer
 Sandstone Alliance
 PO Box 398
 Goodmayes Q.4718

All bids must be postmarked no later than **31st May 2005**

6 How is your bid assessed?

Your bid will be assessed against all the other bids received as part of this auction. The bids that offer the best environmental outcomes at the best price will be successful. All bids and the results of their assessment will remain confidential.

The relative value of your bid is calculated in the following way:

$$\text{Final score} = \frac{\text{Environmental score} \times \text{Management score}}{\text{Bid amount}}$$

Example:

Environmental score

There are five main vegetation types of interest. Weights have been assigned to each vegetation type, based on relative scarcity in the region (Table 1). First, general estimates were made of the percentage of each broad vegetation type that remains in the Sand river basin. The inverse of this value was then taken. For example, a rating of 10 for Brigalow/Gidgee means that there is about 90% cleared in the region, while a figure of 5 for Box means that about 80% has been cleared. A weighting of 0.5 has been used for cleared country to identify that while it has some value for conservation purposes (to allow regrowth), it has a much lower benefit than the vegetated areas.

Table 1 Weightings for different vegetation types in the biodiversity index

Vegetation type	% cleared	% remaining	Weight (Inverse of % remaining)
Brigalow/ Gidgee	90	10	10
Box	80	20	5
Silver-leaf ironbark	60	40	2.5
Yellowjacket	30	70	1.5
Cleared land			0.5

EXAMPLE: TENDER GUIDELINES

The environmental score was assessed by adding the relative contribution of each vegetation type.

$$\text{Environmental Score} = \text{Brigalow area} * 10 + \text{Box area} * 5 + \text{Ironbark area} * 2.5 \\ + \text{Yellowjacket area} * 1.5 + \text{cleared area} * 0.5$$

The management scores have been assigned as follows:

Level A = 1 Level B = 1.25 Level C = 1.5

A reserve price has been set and very low bids that do not represent good value for money will not be accepted.

7 When you will be notified

All bidders will be notified of their relative bid values, and whether or not their bids have been successful, by *[insert date]*. Some bids may be placed in a waiting list category and maybe considered if some of the successful bidders do not enter into a full agreement.

8 Payment schedules

If your bid is successful, a payment schedule will be developed and specified in the management agreement. In general, you will be paid on an annual basis, and payments will be subject to the completion of a progress report. If you have any capital costs for activities such as fencing or providing extra water points, arrangements can be made to make some advance payments.

9 Reporting requirements

You will be required to submit a progress report on an annual basis. A copy of the report form is included in Appendix B. Progress reports will need to be approved before payments are released.

In addition, photo points

10 Monitoring your progress

One of our staff may visit your property to monitor the condition of your management site/s. In such cases, you will be notified **two weeks in advance** of the site visit.

11 Signing a contract

All contracts will be for a three year period only

You will be required to sign a contract that clearly sets out the terms of the management agreement between you and the Sandstone Alliance. The contract will specify the responsibilities of both parties and outline the basis on which payments will be made to you. It will also outline the conditions under which your progress may be monitored.

EXAMPLE TENDER GUIDELINES

APPENDIX A

Materials to assist in calculating the amount of your bid

EXAMPLE CALCULATION

Appendix A.1 Practice Worksheet

One approach to working out the change in production values for reducing stocking rates is based on the following for each country type:

Acres of vegetation type set aside (A), multiplied by, the current stocking rate (B), multiplied by, the value per beast (C) = **Current revenue (D)**

Current revenue (D), multiplied by, the required reduction in stocking rate (E) = **Reduced income (F)**

The total cost of changing management practice = Reduced income plus other costs, minus any benefits (eg reduced operating costs)

	A	B	C	D	E	F	
Vegetation type	Hectares set aside	Current stocking rate	Value of production per beast	Current revenue (BxC)	Reduction in stocking rate (%)	Reduced income (DxE)	
<i>Example</i>	<i>10</i>	<i>0.5 (i.e. 1 beast/20ha)</i>	<i>\$300</i>	<i>\$150 (0.5x300)</i>	<i>20%</i>	<i>\$30 (150x0.20)</i>	
Brigalow							1
Box							2
Silverleaf Ironbark							3
Yellowjacket							4
Cleared/developed country							5
Add all costs	Total change in cattle income over one year				Total 1 to 5		6
	Add on any other costs						7
					Total cost (6+7)		8
Remove all benefits	Reduced operating costs						9
	Any other cost reduction or savings						10
					Total benefit (9+10)		11
Total cost of change					TOTAL COST 8-11)		

EXAMPLE CALCULATION

Appendix A.1 Practice worksheet continued

The practice worksheet above has been provided to help you calculate the costs of any management changes, upon which your tender bid should be constructed.

1. The second column in the Table, (A) outlines the hectares (or acres) that you wish to include in the tender bid. (*The example is set at 10*). Complete this column with the area for each different vegetation type (outlined in the first column) – Brigalow, Box, Silverleaf Ironbark, Yellowjacket, and cleared or developed country.
2. In Column B complete details of your current stocking rate for each of the different vegetation types. (*The example is set at a stocking rate of 1 beast to 20ha or 1/20 and there are 10 hectares = $1/20 \times 10 = 1/2 = 0.5$*)
3. In Column C indicate the value you believe a beast is worth (*The example is set at \$300 per beast*).
4. In Column D you need to calculate the revenue you currently receive (per hectare) for each different vegetation type. Multiply the stocking rate (Column B) by the value per beast (Column C). (*The example is 0.5 (Column B) multiplied by \$300 (Column C) which equals \$150.*)
5. In Column E you need to estimate how much you will need to reduce your stocking rate in order to meet the required management conditions, in each vegetation type. (*The example is set at a 20% reduction*).
6. In Column F you can calculate the total reduction in income for each vegetation type by multiplying your current revenue (Column D) by the reduction in stocking rate (Column E). (*The example is 150 (Column D) multiplied by 20% (Column E) which equals \$30 ($150 \times 20/100$).*)
7. The next step is to add the totals in Column F for all the different vegetation types (indicated by the row numbers 1-5 on the right hand side of the table). Enter the amount in Row 6. This represents the annual cost of reduced stocking rate.
8. Add on any other costs and enter the amount in Row 7. There may be fixed costs involved such as fencing costs or putting in new/ moving water points.
9. Enter the total costs in Row 8 (Row 6 + Row 7)

10. Calculate any reductions in operating costs, (Row 9) and any other cost reductions or savings (Row 10). Total benefits (Row 9+10) should be entered in Row 11.
11. The total cost of your management changes are the total costs (Row 8) minus the total benefits (Row 11). **EXAMPLE: TENDER GUIDELINES**

Appendix A.2 Examples of stocking rates for the Sandstone Uplands area

Vegetation type	Normal stocking rate	Change in stocking rate (cattle/acre)	Value of production per beast	Value per acre per annum
Gidgee/Brigalow	1 beast to 50 acres	20%	\$225 per annum	20% of \$225 ÷ 50 acres = \$0.90/acre
Box	1 beast to 40 - 50 acres	10%	\$225 per annum	10% of \$225 ÷ 40 acres = \$0.50/acre
Broadleaf Ironbark	1 beast to 45 - 55 acres	5%	\$200 per annum	5% of \$200 ÷ 50 acres = \$0.40/acre
Yellowjack	1 beast to 65 - 75 acres	5%	\$200 per annum	5% of \$200 ÷ 70 acres = \$0.29/acre
Cleared country	1 beast to 15 - 30 acres	10%	\$250 per annum	10% of \$250 ÷ 20 acres = \$1.25/acre

(1 hectare = 2.4 acres)

EXAMPLE TENDER GUIDELINES

APPENDIX B

Progress Report Form

EXAMPLE TENDER GUIDELINES

C4 Progress Report

SECTION 1 Landholder and Property details

Landholder name:	Contact:
Property address:	
Property ID:	Contract ID:
Report period: :	

SECTION 2 Management Activities

Have you been able to meet the management conditions outlined in your management agreement **YES** **NO**

A. If yes, provide details of the activities you have undertaken to ensure these conditions have been met.

B. If no, outline the reasons why the conditions have not been met and what you intend to do.

EXAMPLE TENDER GUIDELINES

C. General comments on the progress of your management agreement

Signed (landholder)

Date

SECTION 3: Photo points

Attach dated photos from the agreed photo points – (*arrangements can be made to have photos taken if required*)

Office use only:

1. It is recommended that the next payment be made
2. It is recommended that the next payment be made once the activities outlined in Section 2B have been completed
3. The management agreement has now been completed.

Signed Date


Name

Appendix 1 Tender documents

Appendix 1.4 Bid assessment calculation spreadsheets

Appendix 1.4 Bid assessment calculation spreadsheets

The tables below display the bid assessment calculation spreadsheets. The Excel spreadsheet file is not currently available online. The file can be obtained by contacting Dr Beth Clouston at Queensland Department of Natural Resources and Mines on 07 3224 7734 or by email beth.clouston@nrm.qld.gov.au.

Example bid assessment calculations	
<p>In this spread sheet there are four practical examples of how tender bids may be assessed. Each is explained in a separate worksheet.</p> <p>The examples are simplified and have been designed to be easily adapted to local circumstances as long as the simplification remains relevant. For example, in the worksheets different criteria are allocated different "weights" that relate to their relative importance. These weights will need to be formulated to suit each local situation. Expect advice should be sought before applying the metric in a tender process.</p>	
<p>The worksheets are self explanatory and colour coded. The following colour codes are used:</p>	
<p>Instructions</p> <p>Values have to be entered for each bid</p> <p>Set values for conservation tender</p> <p>Values automatically calculated</p>	
<p>Each worksheet includes three sets of calculations:</p>	
<p>1. Assessment of the Biodiversity Significance Score</p> <p>2. Assessment of the Management Action Score</p> <p>3. Assessment of the Biodiversity Benefits Index or the relative bid value</p> <p>The final column allows the bids to be ranked in terms of their relative value</p>	
<p>Four examples have been provided and each worksheet is labelled accordingly:</p>	
<p>Example</p>	<p>When is it suitable</p>
<p>Vegetation Protection 1</p>	<p>This worksheet is suitable for dealing with vegetation conservation actions, where the management actions are general across all vegetation areas being conserved. The calculation includes different vegetation types and each is assigned a separate weighting to denote the Biodiversity Significance Score. It is assumed that each management action has the same effect on each vegetation type. The calculation includes different management actions which are assigned a separate weighting to denote the Management Action Score. This can be used in a situation where there is a single action with different levels of provision.</p>
<p>Vegetation Protection 2</p>	<p>This worksheet is suitable for dealing with vegetation conservation actions, where the management actions are specific to vegetation areas being conserved. This calculation allows for each management action to be related to a particular vegetation type. For example, there might be a single management action with different levels of provision and the bid assigns different levels of provision to different vegetation types.</p>
<p>Conservation Tillage</p>	<p>This worksheet is suitable for dealing with conservation tillage actions where the management actions are general across all farm/soil areas being conserved. The calculation includes different soil types and each is assigned a separate weighting to denote the Biodiversity Significance Score in terms of averted soil loss. It is assumed that each management action has the same effect on each soil type. The calculation includes different management actions which are assigned a separate weighting to denote the Management Action Score. This can be used in a situation where there is a single action with different levels of provision. If different management actions (or levels of provision) are assigned to the different soil types, the metric can be adjusted as with Vegetation protection 1 and 2 above.</p>
<p>Fertiliser Cap</p>	<p>This worksheet is suitable for dealing with fertiliser cap actions where the management actions are general across all farm/soil areas being conserved. The calculation includes different soil types and each is assigned a separate weighting to denote the Biodiversity Significance Score in terms of weighting for the reduction in Phosphorous and Nitrogen losses per hectare. It is assumed that each management action has the same effect on each soil type. The calculation includes different management actions which are assigned a separate weighting to denote the Management Action Score. This can be used in a situation where there is a single action with different levels of provision. If different management actions (or levels of provision) are assigned to the different soil types, the metric can be adjusted as with Vegetation protection 1 and 2 above.</p>

Guidelines for use:

Example Spreadsheet: Vegetation Protection 1

This worksheet is suitable for dealing with vegetation conservation actions, where the management actions are general across all vegetation areas being conserved

Action	Bid Identification		Bid	Biodiversity Significance Score									
	Enter identification number for each bid	Enter other bid and property details as required		Establish a column for each biodiversity unit or aspect being assessed and record the amount involved (eg hectares conserved)					Establish a column for each biodiversity unit or aspect being assessed and establish a set weighting for the importance of the unit				
Label	Bid Number	Property number	Bid amount	Veg. Type A	Veg. Type B	Veg. Type C	Veg. Type D	Veg. Type E	Veg. Type A	Veg. Type B	Veg. Type C	Veg. Type D	Veg. Type E
	Enter value	Enter value	\$ Enter value	ha Enter value	ha Enter value	ha Enter value	ha Enter value	ha Enter value	Set value	Set value	Set value	Set value	Set value
Each row represents a single bid in the auction. Add more rows for more bids			1	5	0	0	0	0	10.00	5.00	2.50	1.33	0.50
			2	5	0	0	0	0	10.00	5.00	2.50	1.33	0.50
			3	5	0	0	0	0	10.00	5.00	2.50	1.33	0.50
			4	5	0	0	0	0	10.00	5.00	2.50	1.33	0.50
			5	5	0	0	0	0	10.00	5.00	2.50	1.33	0.50
			6	5	0	0	0	0	10.00	5.00	2.50	1.33	0.50
			7	5	0	0	0	0	10.00	5.00	2.50	1.33	0.50
			8	5	0	0	0	0	10.00	5.00	2.50	1.33	0.50
			9	5	0	0	0	0	10.00	5.00	2.50	1.33	0.50
			12	5	0	0	0	0	10.00	5.00	2.50	1.33	0.50
			10	5	0	0	0	0	10.00	5.00	2.50	1.33	0.50
		11	5	0	0	0	0	10.00	5.00	2.50	1.33	0.50	

Additional comments

Only enter values for vegetation types being considered, otherwise leave at zero.

Example Spreadsheet: Vegetation Protection 1 (columns of previous table continue)

Automatic calculation for the biodiversity score	Management Action Score						Assessment					
	Establish a column for each additional management action and identify if it is occurring by a '1'			Establish a column for each management action being assessed and establish a set weighting for the importance of the action			Automatic calculation for the management score	Combine Biodiversity score and Management score	Assess Biodiversity Benefits against bid value	Ranks Bids in descending order		
Biodiversity score	Management Type A	Management Type B	Management Type C	Management Type A	Management Type B	Management Type C	Management Score	Biodiversity Benefits Score	Biodiversity Benefits Index	Bid Rank		
ha x veg. type score	ha	ha	ha					Biodiversity Score x Management Score	Biodiversity Benefits Score / \$ bid			
	Enter value	Enter value	Enter value	Set value	Set value	Set value						
50.000	1	1	0	0.50	0.25	0.10	1.75	87.500	87.500	12.000		
50.000	0	0	1	0.50	0.25	0.10	1.10	55.000	27.500	11.000		
50.000	1	0	0	0.50	0.25	0.10	1.50	75.000	25.000	10.000		
50.000	0	0	1	0.50	0.25	0.10	1.10	55.000	13.750	8.000		
50.000	1	0	0	0.50	0.25	0.10	1.50	75.000	15.000	9.000		
50.000	0	0	0	0.50	0.25	0.10	1.00	50.000	8.333	6.000		
50.000	1	0	1	0.50	0.25	0.10	1.60	80.000	11.429	7.000		
50.000	0	0	0	0.50	0.25	0.10	1.00	50.000	6.250	4.000		
50.000	0	0	1	0.50	0.25	0.10	1.10	55.000	6.111	3.000		
50.000	1	0	0	0.50	0.25	0.10	1.50	75.000	6.250	4.000		
50.000	0	0	0	0.50	0.25	0.10	1.00	50.000	5.000	2.000		
50.000	0	0	1	0.50	0.25	0.10	1.10		0.000	1.000		
In this column, the biodiversity scores are weighted and summed	Enter a '1' for each additional management action being undertaken, else set at 0						Enter a weighting for each management action, where 1 = 100% improvement, 0.5 means 50% improvement, and so on.			In this column, the biodiversity scores are weighted and summed	This column gives the relative value of each bid	Ranking formula in each cell has to be adjusted for the total number of bids involved by setting the relevant range (eg X6 to X17)

Example Spreadsheet: Vegetation Protection 2

This worksheet is suitable for dealing with vegetation conservation actions, where the management actions are specific to the vegetation areas being conserved.

Action	Bid Identification		Bid	Biodiversity Significance Score										
	Enter identification number for each bid	Enter other bid and property details as required		Establish a column for each biodiversity unit or aspect being assessed and record the amount involved (eg hectares conserved)					Establish a column for each biodiversity unit or aspect being assessed and establish a set weighting for the importance of the unit					
Label	Bid Number	Property number	Bid amount \$	Veg. Type A ha	Veg. Type B ha	Veg. Type C ha	Veg. Type D ha	Veg. Type E ha	Veg. Type A	Veg. Type B	Veg. Type C	Veg. Type D	Veg. Type E	
	Enter value	Enter value	Enter value	Enter value	Enter value	Enter value	Enter value	Enter value	Set value	Set value	Set value	Set value	Set value	
Each row represents a single bid in the auction. Add more rows for more bids			0	0	0	0	0	0	10.00	5.00	2.50	1.33	0.50	
			0	0	0	0	0	0	10.00	5.00	2.50	1.33	0.50	
			0	0	0	0	0	0	10.00	5.00	2.50	1.33	0.50	
			0	0	0	0	0	0	10.00	5.00	2.50	1.33	0.50	
			0	0	0	0	0	0	10.00	5.00	2.50	1.33	0.50	
			0	0	0	0	0	0	10.00	5.00	2.50	1.33	0.50	
			0	0	0	0	0	0	10.00	5.00	2.50	1.33	0.50	
			0	0	0	0	0	0	10.00	5.00	2.50	1.33	0.50	
			0	0	0	0	0	0	10.00	5.00	2.50	1.33	0.50	
			0	0	0	0	0	0	10.00	5.00	2.50	1.33	0.50	

Additional comments: Only enter values for vegetation types being considered, otherwise leave at zero.

Example Spreadsheet: Vegetation Protection 2 (columns of previous table continue)

Biodiversity score A	Biodiversity score B	Biodiversity score C	Biodiversity score D	Biodiversity score E	Mgt Veg. A	Mgt Veg. B	Mgt Veg. C	Mgt Veg. D	Mgt Veg. E	Mgt Type A	Mgt Type B	Mgt Type C
ha x veg. type score	ha x veg. type score	ha x veg. type score	ha x veg. type score	ha x veg. type score	ha	ha	ha	ha	ha			
					Enter value	Enter value	Enter value	Enter value	Enter value	Set value	Set value	Set value
0.000	0.000	0.000	0.000	0.000	1	1	0	0	0	0.50	0.25	0.10
0.000	0.000	0.000	0.000	0.000	0	0	1	1	1	0.50	0.25	0.10
0.000	0.000	0.000	0.000	0.000	1	0	0	0	0	0.50	0.25	0.10
0.000	0.000	0.000	0.000	0.000	0	0	1	1	1	0.50	0.25	0.10
0.000	0.000	0.000	0.000	0.000	1	0	0	0	0	0.50	0.25	0.10
0.000	0.000	0.000	0.000	0.000	0	0	0	0	0	0.50	0.25	0.10
0.000	0.000	0.000	0.000	0.000	1	0	1	1	1	0.50	0.25	0.10
0.000	0.000	0.000	0.000	0.000	0	0	0	0	0	0.50	0.25	0.10
0.000	0.000	0.000	0.000	0.000	0	0	1	1	1	0.50	0.25	0.10
0.000	0.000	0.000	0.000	0.000	1	0	0	0	0	0.50	0.25	0.10
0.000	0.000	0.000	0.000	0.000	0	0	0	0	0	0.50	0.25	0.10
0.000	0.000	0.000	0.000	0.000	0	0	1	1	1	0.50	0.25	0.10

In these column, the biodiversity scores are weighted and summed for each vegetation type.

Enter a '1' for each additional management action being undertaken, else set at 0

Enter a weighting for each management action, where 1 = 100% improvement, 0.5 means 50% improvement, and so on.

Example Spreadsheet: Vegetation Protection 2 (columns of previous table continue)

Mgt Type D	Mgt Type E	Mgt Score A	Mgt Score B	Mgt Score C	Mgt Score D	Mgt Score E	Biodiv. Benefits Score A	Biodiv. Benefits Score B	Biodiv. Benefits Score C	Biodiv. Benefits Score D	Biodiv. Benefits Score E	Total Biodiv. Benefits	Biodiv. Benefits Index Biodiv. Benefits Score / \$ bid	Bid Rank
0.10	0.10	0.50	0.25	0.00	0.00	0.00	0.000	0.000	0.000	0.000	0.000	0.000	#DIV/0!	#DIV/0!
0.10	0.10	0.00	0.00	0.10	0.10	0.10	0.000	0.000	0.000	0.000	0.000	0.000	#DIV/0!	#DIV/0!
0.10	0.10	0.50	0.00	0.00	0.00	0.00	0.000	0.000	0.000	0.000	0.000	0.000	#DIV/0!	#DIV/0!
0.10	0.10	0.00	0.00	0.10	0.10	0.10	0.000	0.000	0.000	0.000	0.000	0.000	#DIV/0!	#DIV/0!
0.10	0.10	0.50	0.00	0.00	0.00	0.00	0.000	0.000	0.000	0.000	0.000	0.000	#DIV/0!	#DIV/0!
0.10	0.10	0.00	0.00	0.00	0.00	0.00	0.000	0.000	0.000	0.000	0.000	0.000	#DIV/0!	#DIV/0!
0.10	0.10	0.50	0.00	0.10	0.10	0.10	0.000	0.000	0.000	0.000	0.000	0.000	#DIV/0!	#DIV/0!
0.10	0.10	0.00	0.00	0.00	0.00	0.00	0.000	0.000	0.000	0.000	0.000	0.000	#DIV/0!	#DIV/0!
0.10	0.10	0.00	0.00	0.10	0.10	0.10	0.000	0.000	0.000	0.000	0.000	0.000	#DIV/0!	#DIV/0!
0.10	0.10	0.50	0.00	0.00	0.00	0.00	0.000	0.000	0.000	0.000	0.000	0.000	#DIV/0!	#DIV/0!
0.10	0.10	0.00	0.00	0.00	0.00	0.00	0.000	0.000	0.000	0.000	0.000	0.000	#DIV/0!	#DIV/0!
0.10	0.10	0.00	0.00	0.10	0.10	0.10	0.000	0.000	0.000	0.000	0.000	0.000	#DIV/0!	#DIV/0!

Best value for money bid is ranked first (1), next best is ranked (2), and so on.

In this column, biodiv. scores are weighted and summed

Ranking formula in each cell has to be adjusted for the total number of bids involved by setting the relevant range (eg X6 to X17)
This column gives the relative value of each bid

Example Spreadsheet: Conservation tillage

This worksheet is suitable for dealing with conservation tillage actions, where the management actions are general across all farm/soil areas being conserved.

Action	Bid Identification		Bid	Biodiversity Significance Score										
	Enter identification number for each bid	Enter other bid and property details as required		Establish a column for each soil type being assessed and record the amount involved (eg hectares conserved)					Establish a column for each soil type being assessed and establish a set weighting for the expected tons of soil loss per hectare averted					
Label	Bid Number	Property number	Bid amount	Soil Type A	Soil Type B	Soil Type C	Soil Type D	Soil Type E	Soil Type A	Soil Type B	Soil Type C	Soil Type D	Soil Type E	
	Enter value	Enter value	Enter value	Enter value	Enter value	Enter value	Enter value	Enter value	Set value	Set value	Set value	Set value	Set value	
			0	0	0	0	0	0	2.00	3.50	1.25	3.30	0.50	
			0	0	0	0	0	0	2.00	3.50	1.25	3.30	0.50	
			0	0	0	0	0	0	2.00	3.50	1.25	3.30	0.50	
			0	0	0	0	0	0	2.00	3.50	1.25	3.30	0.50	
			0	0	0	0	0	0	2.00	3.50	1.25	3.30	0.50	
			0	0	0	0	0	0	2.00	3.50	1.25	3.30	0.50	
			0	0	0	0	0	0	2.00	3.50	1.25	3.30	0.50	
			0	0	0	0	0	0	2.00	3.50	1.25	3.30	0.50	
			0	0	0	0	0	0	2.00	3.50	1.25	3.30	0.50	
			0	0	0	0	0	0	2.00	3.50	1.25	3.30	0.50	

Additional comments

Only enter values for soil types being considered, otherwise leave at zero.

The figures identified above are for illustrative purposes only

Example Spreadsheet: Conservation tillage (columns of previous table continue)

Automatic calculation for the biodiversity outcomes	Management Action Score						Assessment			
	Establish a column for each additional management action and identify if it is occurring by a '1'			Establish a column for each management action being assessed and establish a set weighting for the importance of the action			Automatic calculation for the management score	Combine Biodiversity score and Management score	Assess Biodiversity Benefits against bid value	Ranks Bids in descending order
Biodiv. score	Mgt Type A	Mgt Type B	Mgt Type C	Mgt Type A	Mgt Type B	Mgt Type C	Mgt Score	Biodiv. Benefits Score	Biodiv. Benefits Index	Bid Rank
Tons of soil saved	ha	ha	ha					Biodiversity Score x Management Score	Biodiversity Benefits Score / \$ bid	
	Enter value	Enter value	Enter value	Set value	Set value	Set value				Tons soil/ \$
0.000	0	0	0	0.50	0.25	0.10	1.00	0.000	#DIV/0!	#DIV/0!
0.000	0	0	0	0.50	0.25	0.10	1.00	0.000	#DIV/0!	#DIV/0!
0.000	0	0	0	0.50	0.25	0.10	1.00	0.000	#DIV/0!	#DIV/0!
0.000	0	0	0	0.50	0.25	0.10	1.00	0.000	#DIV/0!	#DIV/0!
0.000	0	0	0	0.50	0.25	0.10	1.00	0.000	#DIV/0!	#DIV/0!
0.000	0	0	0	0.50	0.25	0.10	1.00	0.000	#DIV/0!	#DIV/0!
0.000	0	0	0	0.50	0.25	0.10	1.00	0.000	#DIV/0!	#DIV/0!
0.000	0	0	0	0.50	0.25	0.10	1.00	0.000	#DIV/0!	#DIV/0!
0.000	0	0	0	0.50	0.25	0.10	1.00	0.000	#DIV/0!	#DIV/0!
0.000	0	0	0	0.50	0.25	0.10	1.00	0.000	#DIV/0!	#DIV/0!
0.000	0	0	0	0.50	0.25	0.10	1.00	0.000	#DIV/0!	#DIV/0!
0.000	0	0	0	0.50	0.25	0.10	1.00	0.000	#DIV/0!	#DIV/0!
0.000	0	0	0	0.50	0.25	0.10	1.00	0.000	#DIV/0!	#DIV/0!
0.000	0	0	0	0.50	0.25	0.10	1.00	0.000	#DIV/0!	#DIV/0!
0.000	0	0	0	0.50	0.25	0.10	1.00	0.000	#DIV/0!	#DIV/0!

Best value for money bid is ranked first (1), next best is ranked (2), and so on.

In this column, the biodiversity scores are weighted and summed

Enter a '1' for each additional management action being undertaken, else set at 0

Enter a weighting for each management action, where 1 = 100% improvement, 0.5 means 50% improvement, and so on.

In this column, the biodiversity scores are weighted and summed

This column gives the relative value of each bid

Ranking formula in each cell has to be adjusted for the total number of bids involved by setting the relevant range (eg X6 to X17)

Example Spreadsheet: Fertiliser cap

This worksheet is suitable for dealing with fertiliser cap actions, where the management actions are general across all farm/soil areas being conserved.

Action Label	Bid Identification		Bid	Biodiversity Benefits Index										
	Bid Number	Property number	Bid amount \$	Soil Type A ha	Soil Type B ha	Soil Type C ha	Soil Type D ha	Soil Type E ha	Soil Type A	Soil Type B	Soil Type C	Soil Type D	Soil Type E	
	Enter value	Enter value	Enter value	Enter value	Enter value	Enter value	Enter value	Enter value	Enter value	Set value	Set value	Set value	Set value	Set value
			0	0	0	0	0	0	0	4.00	7.00	2.00	1.00	0.50
			0	0	0	0	0	0	0	4.00	7.00	2.00	1.00	0.50
			0	0	0	0	0	0	0	4.00	7.00	2.00	1.00	0.50
			0	0	0	0	0	0	0	4.00	7.00	2.00	1.00	0.50
			0	0	0	0	0	0	0	4.00	7.00	2.00	1.00	0.50
			0	0	0	0	0	0	0	4.00	7.00	2.00	1.00	0.50
			0	0	0	0	0	0	0	4.00	7.00	2.00	1.00	0.50
			0	0	0	0	0	0	0	4.00	7.00	2.00	1.00	0.50
			0	0	0	0	0	0	0	4.00	7.00	2.00	1.00	0.50
			0	0	0	0	0	0	0	4.00	7.00	2.00	1.00	0.50

Additional comments

Only enter values for soil types being considered, otherwise leave at zero. The figures identified above are for illustrative purposes only

Example Spreadsheet: Fertiliser cap (columns of previous table continue)

Automatic calculation for the biodiversity outcomes	Management Index						Assessment				
	Mgt Type A	Mgt Type B	Mgt Type C	Mgt Type A	Mgt Type B	Mgt Type C	Mgt Score	Biodiv. Benefits Score	Biodiv. Benefits Index	Bid Rank	
Biodiv. score	ha	ha	ha								
Kgs of P and N saved	Enter value	Enter value	Enter value	Set value	Set value	Set value					
0.000	0	0	0	0.50	0.25	0.10	1.00	0.000	#DIV/0!	#DIV/0!	
0.000	0	0	0	0.50	0.25	0.10	1.00	0.000	#DIV/0!	#DIV/0!	
0.000	0	0	0	0.50	0.25	0.10	1.00	0.000	#DIV/0!	#DIV/0!	
0.000	0	0	0	0.50	0.25	0.10	1.00	0.000	#DIV/0!	#DIV/0!	
0.000	0	0	0	0.50	0.25	0.10	1.00	0.000	#DIV/0!	#DIV/0!	
0.000	0	0	0	0.50	0.25	0.10	1.00	0.000	#DIV/0!	#DIV/0!	
0.000	0	0	0	0.50	0.25	0.10	1.00	0.000	#DIV/0!	#DIV/0!	
0.000	0	0	0	0.50	0.25	0.10	1.00	0.000	#DIV/0!	#DIV/0!	
0.000	0	0	0	0.50	0.25	0.10	1.00	0.000	#DIV/0!	#DIV/0!	
0.000	0	0	0	0.50	0.25	0.10	1.00	0.000	#DIV/0!	#DIV/0!	
0.000	0	0	0	0.50	0.25	0.10	1.00	0.000	#DIV/0!	#DIV/0!	

Best value for money bid is ranked first (1), next best is ranked (2), and so on.

In this column, the biodiversity scores are weighted and summed

Enter a '1' for each additional management action being undertaken, else set at 0

Enter a weighting for each management action, where 1 = 100% improvement, 0.5 means 50% improvement, and so on.

In this column, the biodiversity scores are weighted and summed

This column gives the relative value of each bid

Ranking formula in each cell has to be adjusted for the total number of bids involved by setting the relevant range (eg X6 to X17)

Appendix 1 Tender documents

Appendix 1.5 Example contract and payment schedule

COMING SOON

Appendix 1 Tender documents

Appendix 1.6 Progress report form

Appendix 1.6 Progress report form

Progress Report

SECTION 1 Landholder and Property details

Landholder name:	Contact:
-------------------------	-----------------

Property address:

Property ID:	Contract ID:
Report period: :	

SECTION 2: Management Activities

Have you been able to meet the management conditions outlined in your management agreement **YES** **NO**

A. If yes, provide details of the activities you have undertaken to ensure these conditions have been met.

B. If no, outline the reasons why the conditions have not been met and what you intend to do.

C. General comments on the progress of your management agreement

Signed (landholder)

Date

SECTION 3: Photo points

Attach dated photos from the agreed photo points – (*arrangements can be made to have photos taken if required*)

Office use only:

1. It is recommended that the next payment be made
2. It is recommended that the next payment be made once the activities outlined in Section 2B have been completed
3. The management agreement has now been completed.

Signed Date

Name

Appendix 2 Promotional brochure

The C4 project

This project is funded under the National Action Plan for Salinity and Water Quality.

The project aims to maintain and improve biodiversity in the Sandstone region in a way that rewards landholders for entering into management agreements.

The project is a partnership between the Sandstone Alliance, the Stone Graziers Association, the Sandstone Regional Organisation of Councils, and Stonewall University.

Project objectives

The C4 project aims to develop voluntary partnerships with landholders.

The objective of the scheme is to maintain and improve biodiversity on extensive grazing land. To achieve these outcomes, the program will focus on the retention of pasture grass in different vegetation types.

Why an auction?

Landholders will have to compete for contracts. The process is similar to an auction. Only the offers that represent the best value for money will be accepted. This means that public funds can be allocated in the most efficient and cost effective manner.

Landholders can make a bid that will cover the cost of meeting certain management conditions. These costs will vary from property to property.

Sandstone Alliance

The Sandstone alliance is a community-based organisation that promotes sustainable development. It has been operating in the region for six years and involves the region's major natural resource management stakeholders.

It is the organisation that has developed the regional Natural Resource Management Plan and with the responsibility of delivering outcomes under the National Action Plan for Salinity and Water Quality.

Project area



For further information contact

Jane Smith
Sandstone Alliance
Tel: 07 1234 5678
mobile: 0123 456 789



Competitive Contracts For Catchment Care (C4)

INSERT
LOGO

EXAMPLE: Promotional brochure – Biodiversity conservation: Management Option B – Single option –multiple levels

Who is eligible?

Any landholder in the Stone river catchment can put in a bid.

Can I still run cattle?

Yes, you will be required to manage your grazing land to ensure a certain amount of pasture is retained at the end of the dry season.

You can select the level of grass cover you wish to maintain.

As long as the grass cover is maintained you can manage the area as you wish.



How do I begin?

To take part in this tender, you must first submit an **Expression of Interest**. Forms are enclosed with this brochure or can be obtained from this office (contact details below).

Expressions of Interest close on 31st May 2005

Making a bid

Once you have registered your interest you will be sent a tender development package with the tender forms and information on how to develop and submit your bid.

A project officer can assist you if required.

Tenders close on 31st July 2005



How do I calculate my bid?

Your bid amount should cover the costs of maintaining the minimum grass cover selected. You might have to destock the land at times.

How will the bids be assessed?

The relative bid value will be assessed on the biodiversity value of the different vegetation types in the region, the management level you select (which determines the grass cover standards, and the bid amount.

Auction results

All bidders will be notified of the results of the auction by **31st August 2005**

All bid details will be kept confidential

Management agreements

Management agreements will be for a **3 year period**. Contracts will specify exactly when you will get paid. Usually payment will be on an annual basis, subject to the approval of a progress report. Up front payments can be made to cover capital costs such as fencing.

Fair and equitable process

A panel of independent observers will be convened to overview the bid assessment and ensure the process is fair and equitable.

