

Evaluating Competitive Tenders

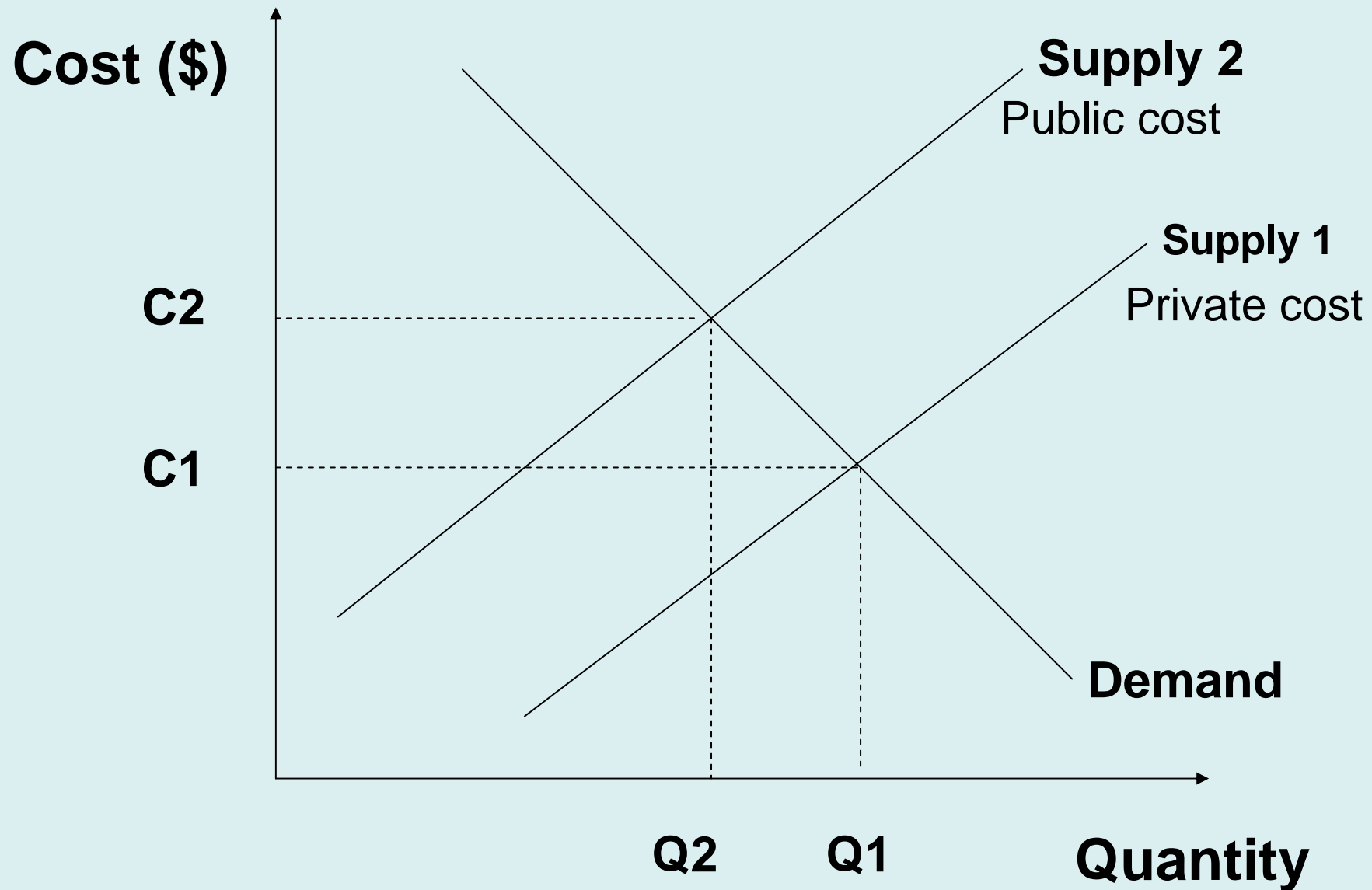
Key issues, results and future
challenges

Jill Windle
Central Queensland University

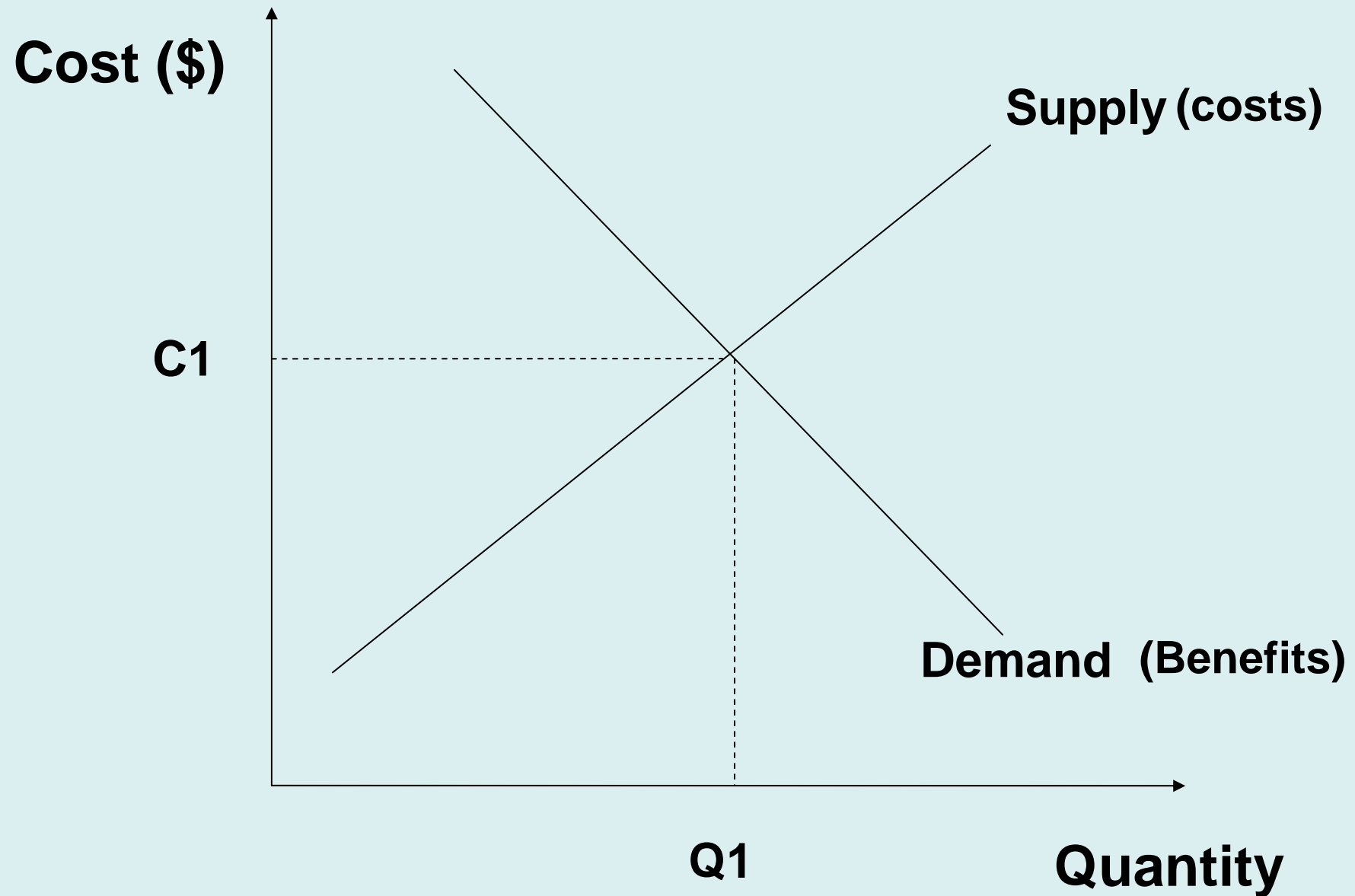
Key issues

1. Economic background
2. Performance / Outcomes
3. Participation
4. Design
5. Improvements
6. Future challenges

Price of Carrots – market failure



Ecosystem services – demand and supply



2. Performance

- Can you measure the outcomes?
 - Tangible (metric) + Intangible (process)
- Did you get good value for money?
- Was there sufficient competition?
- What do landholders think?

FBA Biodiversity Tender – tangible outcomes

Focus is on **environmental outcomes**

- use management condition a surrogate

Metric – used to rate the bids

- very precisely defined amounts (ha)
- very precisely defined categories
- **Biodiversity Assessment Score**
 - 6 categories/5 classes (BAMM)
- **Condition Assessment Score**
 - 4 categories/4 classes:
- **Management Improvement Score**
 - Mix categories/classes of improvement

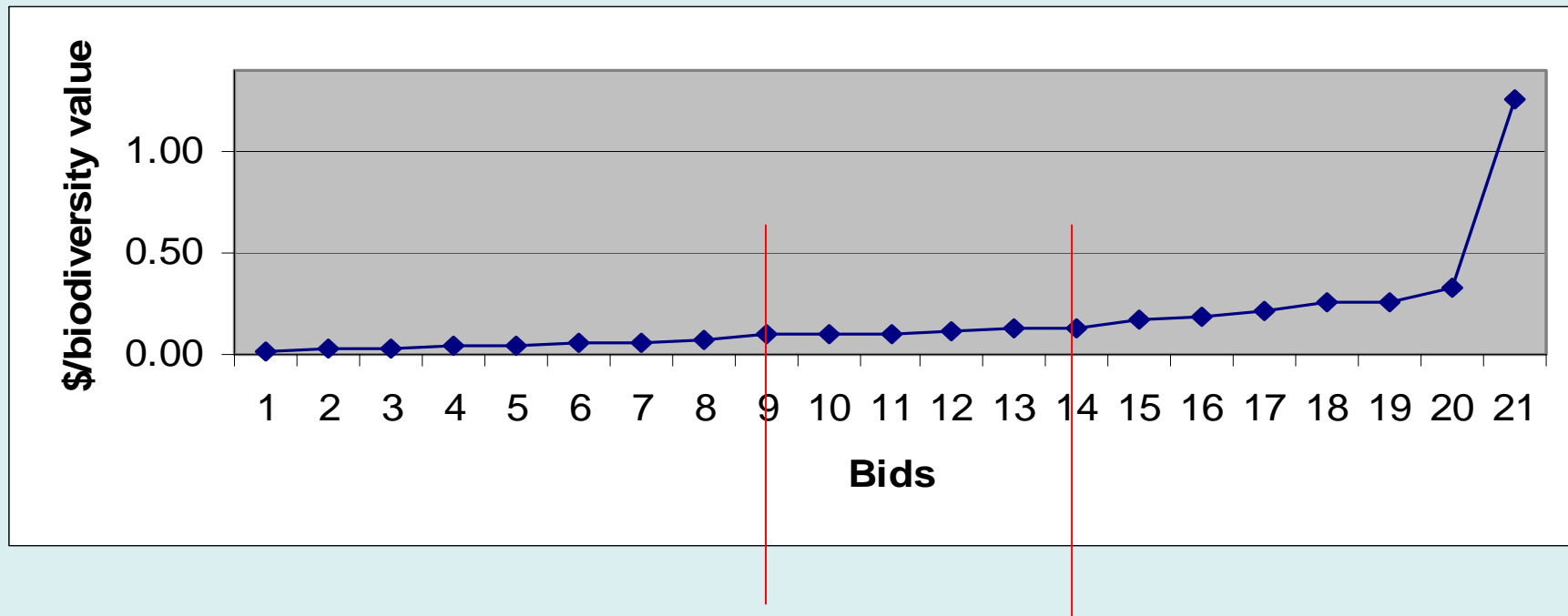
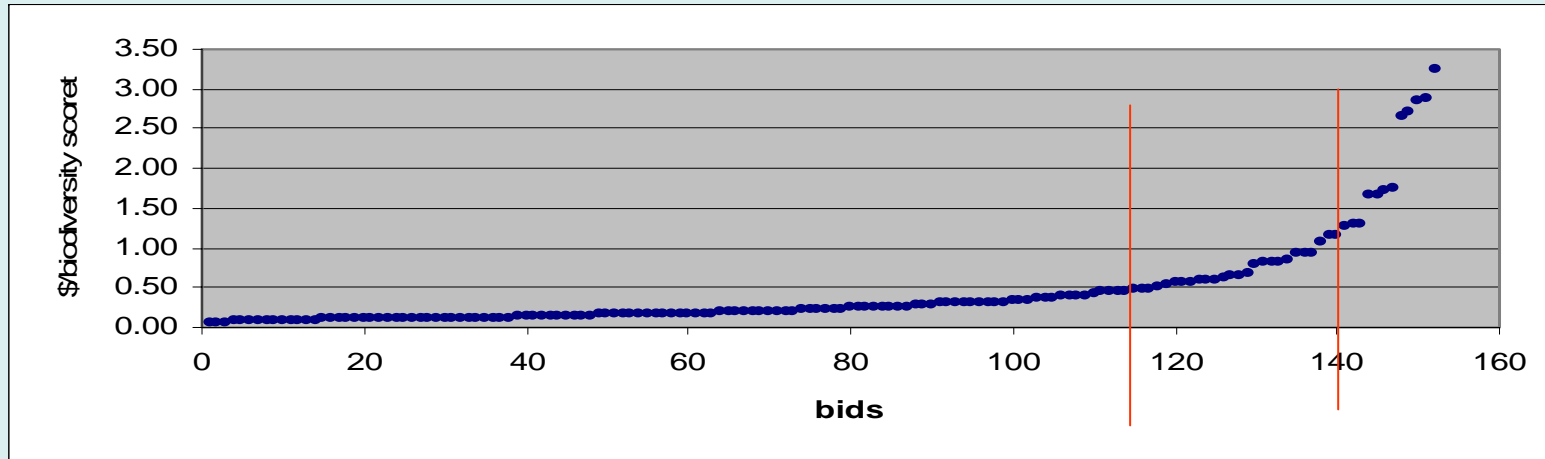
FBA Biodiversity Tender – intangible outcomes

- Building skills and knowledge + social capital
 - Field staff/ property visits
- Information exchange
 - Within and between:
 - NRM/landholder/industry group/community
- Management change – flow on effect
 - Short/long term
 - Area of property
- Not specific to a competitive tender

Did you get good value for money?

1. Cost to achieve these outcomes under a different **incentive scheme?**
13,647 ha for 2 years
 - Biodiversity Tender: cost \$175,376
 - Stewardship scheme: would cost \$227,356
 - SS would have cost **30% or \$52,000** more
2. **Public benefits** – assessed under **AGSIP#13**. Value for an improvement in 13,647ha in the Fitzroy Basin
 - Brisbane (50% households) = \$212,513/year
 - Rockhampton + FB (72% households) = \$42,960/year
 - Total **\$255,473 per year**
3. Cost to achieve these outcomes **on public land?**
 - ie cost of managing National Parks. EPA ball park figure **\$10/ha** per year. FBA **\$6.40/ha** per year

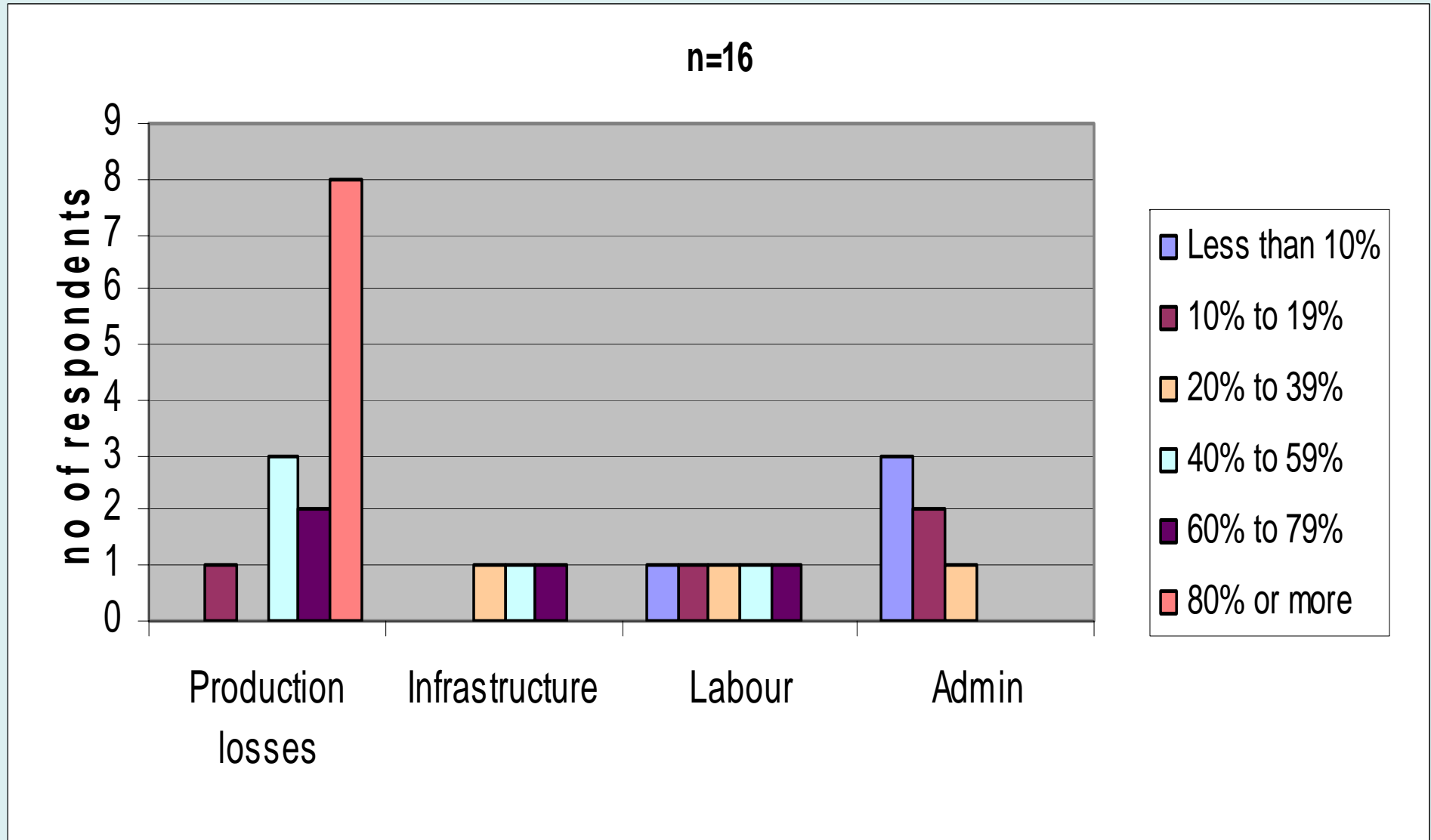
Was there sufficient competition?



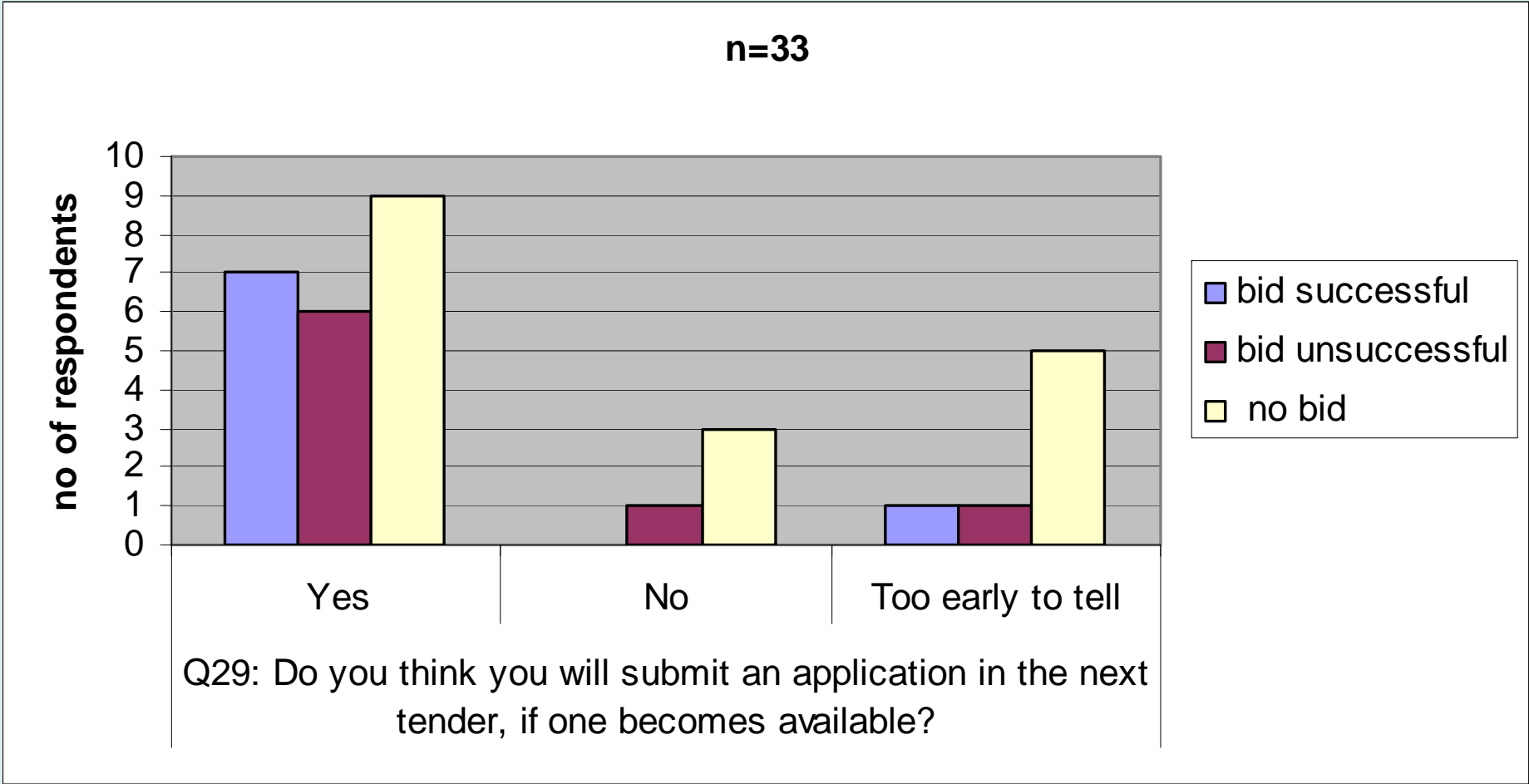
FBA Biodiversity Tender – landholders survey

- Survey all involved in FBA tender.
Baseline of attitudes and expectations
- Participants appear quite happy with the scheme
- Process and paperwork - OK
- Workshops and field visits – particularly good
- Main benefits not incentive specific

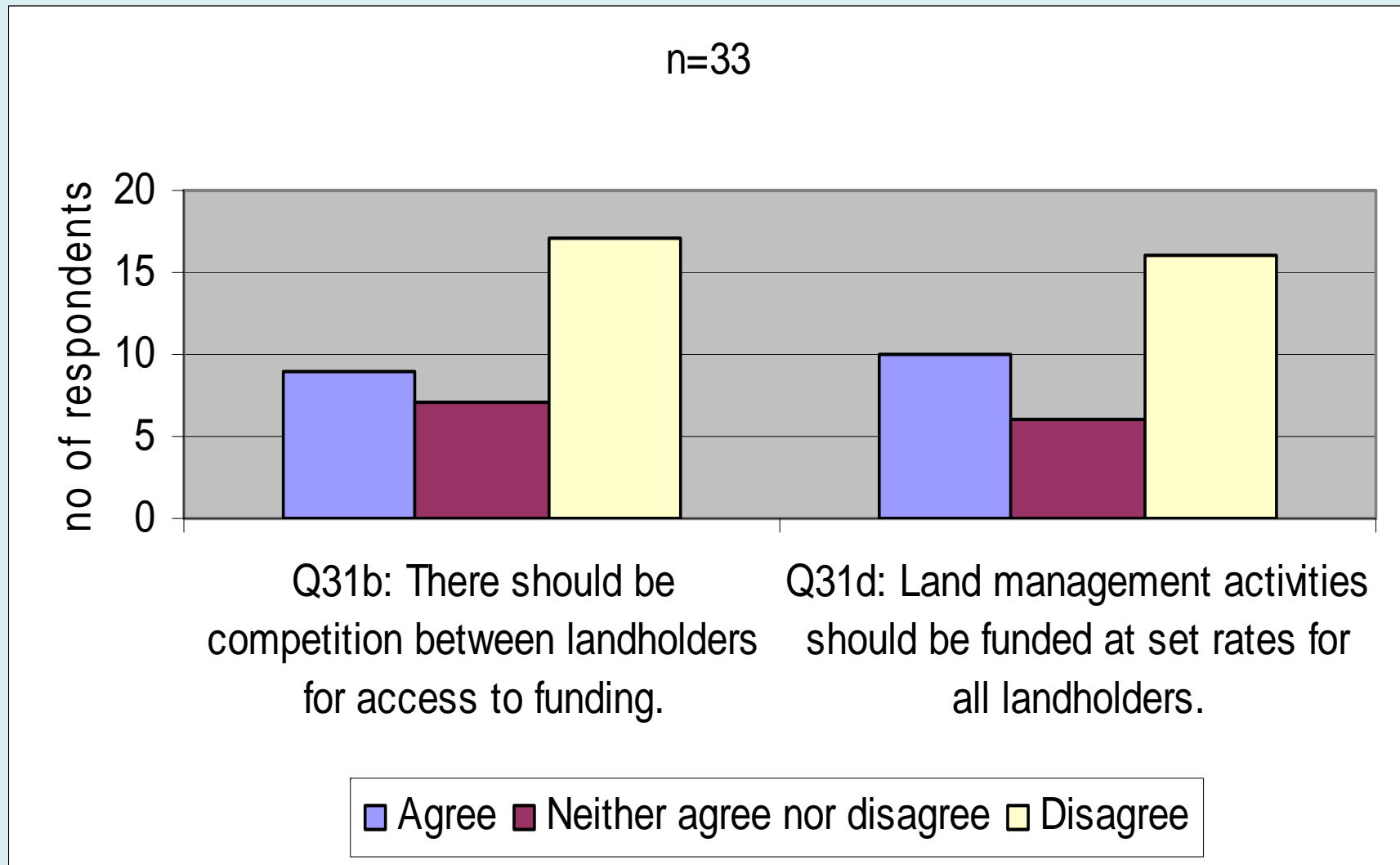
Landholders survey: Costs included in bid prices



Landholders survey: expectations of submitting a bid in future tenders



Landholders survey: opinions on how future tenders could be structured



3. Participation

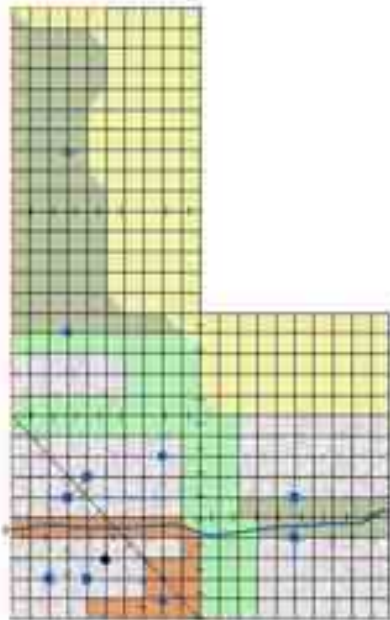
- Publicity
- Involvement
 - 37 people made contact (1 not eligible)
 - 16 received an information kit but no EOI
 - 20 submitted EOI
 - 26 bids submitted (16 properties) – 21 valid
 - 9 successful bids (8 properties)
 - **Need multiple bids**
- Pre EOI
- Workshops
 - landholders from 17 properties
 - 12 submitted a bid / 7 successful
- Process and paperwork OK/ Time and effort

4. Design

- Process
 - Field visits / Workshops
- Reserve price
- Metric + Assessment
 - Possible one winner takes all
 - No expert panel
- Contracts - duration
- Monitoring + Payment schedule

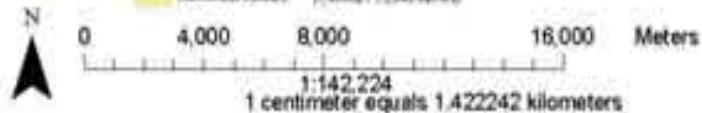
Workshops

PROPERTY K "KILDARE" (18,000ha / 44,478acres)



LEGEND

Waters	Vegetation		Property Boundary
• Dam	Box	2,700ha (6,671 Acres)	→ Fences/lines
• Dam	Cleared	5,400ha (13,343 Acres)	→ Roadway
• House	Widgeeflygum	2,000ha (4,942 Acres)	→ Watercourse
• Trough	Shore-leaved Ironbark	2,000ha (4,942 Acres)	
	Narrowleaf Ironbark	5,400ha (13,343 Acres)	



BIDDING CARD

Vegetation Type	Hectares to be set aside
Brigalow	
Box	
Broadleaf Ironbark	
Narrowleaf Ironbark	
Cleared	

BID PRICE:

Amount of money needed
(each year for two years)

\$ _____

5. Improvements

- Increase participation
 - Some snowball effect – well received
 - incentives?
 - Cap bids / increase the pool of successful bidders?
- Metric – a coat of many colours
- Cost share arrangements
- Timeframes?

6. Future challenges

- Linking to environmental outcomes
 - Metrics – tradeoffs with cost and simplicity
 - Design – sequential auctions
 - Contracts - length / Legal
 - Monitoring
 - Scale
-