



VicForests

RFT 2019.6

**Harvest and Haulage Services
North-East FMA**

**Briefing Session
Ovens**

19 August 2019

Agenda

- Introduction
- Briefing Purpose
- Objectives of RFT
- Timetable
- Procurement Process
- Supplier Code of Conduct
- Local Industry Development Plan
- Forestry Contractors & Owner Drivers Act(2005)
- Terms & Conditions – General
- Description
- Variable Retention Harvesting
- Rates
- Tender Pricing
- RFT Evaluation
- Non - price Score
- Submission Form
- Help/Assistance
- Questions

Briefing Purpose



- Provide an opportunity for potential Contractors to:
 - Improve their understanding and knowledge of the RFT requirements and process.
 - Ask questions or raise issues.

- VicForests to identify some of the more important elements of:
 - The RFT process.
 - The terms and conditions.

- It is not to be a substitute for the Tenderer reading, understanding and becoming familiar with the RFT themselves. **We strongly recommend you obtain your own legal and/or financial advice.**

Background



- VicForests is seeking to replace the capacity of a harvest and a haulage contract operating in North-East FMA which expired on 30 June 2019.
- VicForests has determined that an open competitive tender process will be used to procure the agreements.
- Contracts are being increased in volume to include production and delivery of pulpwood to go to Australian Paper at Maryvale.
- Harvest and haulage will be offered as separate agreements.
- The successful haulage contractor may be required to haul from other VicForests harvest contractors.
- Similarly a range of haulage contractors may haul from the successful harvest contractor.

Objectives

- To select suitable, skilled and competent contractors who are able to meet the challenges of harvesting and haulage over the next three years.

- This RFT will reflect the Government procurement principles of:
 - ✓ value for money;
 - ✓ accountability;
 - ✓ probity (ethical, fair and transparent) and
 - ✓ scalability.

Objectives



- VicForests is required to conduct this process in a manner consistent with the Victorian government's:
 - ✓ Local Jobs First Policy
 - ✓ Social Procurement Framework and
 - ✓ the Supplier Code of Conduct

Timetable



Release of RFT	7 August 2019
Briefing Session	19 August 2019
Submissions Close	Thursday, 5 September Friday 13 September, 2019 at 5:00pm
Outcomes Notified	18 September 25 September, 2019

Supplier Code of Conduct



- Government requirement that all suppliers be committed to the Supplier Code of Conduct.
- It sets out minimum expectations with regards to :
 - i. integrity;
 - ii. ethics and conduct;
 - iii. conflicts of interest;
 - iv. gifts, benefits and hospitality;
 - v. corporate governance;
 - vi. labour and human rights;
 - vii. health and safety; and
 - viii. environmental management;
- As part of your Submission there is a declaration regarding your commitment to the Code (Form 10)

Local Industry Development Plan



- Government requirement under Local Jobs First Act for contracts valued more than \$1million in regional Victoria that a Local Industry Development Plan is prepared and submitted.
- LIDP must be prepared online via the Industry Capability Network (ICN) website.
- ICN will provide you an acknowledgment letter once Plan is submitted and is satisfactory. They are more than happy to assist you in preparing this plan.
- RFT is being amended to accommodate the requirement for this plan.
- Close date has been extended by a week to assist.
- You will not be able to access the RFT on ICN site for approx.one week until VicForests registration of our process is complete.
- Link is: <https://icn.org.au/victoria>

Forestry Contractors and Owner Drivers Act



- This Act requires that hirers, prior to engaging a Contractor, provide that contractor with:
 - the Victorian Owner Drivers Information Booklet ; and
 - the relevant rates and cost schedules
- By providing the link to this information, VicForests has satisfied its legal requirement.
- Link is:
 - <https://www.business.vic.gov.au/setting-up-a-business/owner-drivers-and-forestry-contractors/forestry-contractors-and-hirers>

Terms and Conditions - General



- Please seek your own legal advice regarding the terms and conditions of lodging a submission .
- Agreement will be for five years with the potential for two years of extension.
- Must operate concurrently with existing agreement – failure to provide services under current agreement will cause termination of the new agreement.
- Insurance cover increased to \$20,000,000
- Potential requirement for iPads in harvesters to record habitat locations and machine movement.
- Operate in accordance with the Utilisation Procedures

Description



Lot No	Annual Supply Level (m ³ /yr)	Tenure (yrs)	Supply Zone	Operating Period	Species
H181	20,000	3	North-East FMA	8 mths Oct to May	Ash(mainly)
T181	20,000	3	North-East FMA	8 mths Oct to May	Ash(mainly)

➤ For reference, typical recoveries by grade in North-East FMA are expected to be:

	Grade					
Species	B	C	D	E	Pulpwood	Firewood
Ash	5%	13%	3%	30%	48%	1%

➤ Average Yield: 201-300m³/ha

Types of Harvest

- Clearfall & Seed tree retention
- Variable Retention
- Selective Logging

Rates (Variable Retention Harvesting)

- To assist achieve FSC we are increasing use of Variable Retention Harvesting:
 - It is based around the retention of habitat trees and potential/future habitat trees.
 - The successful contractor will be expected to operate in accordance with the system which is developed.
 - Please refer to draft document “Harvesting and Regeneration Systems” (Attachment B2).
 - A system of Rate Add-ons dependant upon the extent of additional work required is being developed.
 - It is expected that the successful tenderer(s) will work co-operatively with VicForests to validate/modify this approach over time as the experience improves.

Rates (Variable Retention Harvesting)

➤ Add-ons

➤ a. Clearing around Habitat Clumps

Extent of work to clear around retained habitat clumps.	Low	Moderate	High
Indicative habitat clumps per ha	5-6	7-8	9+
\$/m ³ *	\$1.00	\$2.00	\$3.00

➤ b. Increase in Snig Distance

- \$1.00/m³ (paid at the coupe level across all products) is potentially available.
- The add-on will be adjusted by the % of timber required to be snigged via an **Indirect Route** to the landing due to the location of contiguous habitat reserves which intrude into a coupe.
- E.g. if 10% of the coupe must be snigged via an Indirect Route then:
 - » Add-On = \$1.00 x 10% = \$0.10/m³.

➤ c. Selection Harvesting

- Add-ons will need to be negotiated at the time.

Tender Types



- A range of different Tender types may be submitted. They are:
 - ✓ an Individual Tender (a single Lot); or
 - ✓ a Combined Tender (both Lots to be run as separate operations); or
 - ✓ an Alternative Tender (where items in Schedule 1 and 2 of the agreement can be varied)

Harvest Tender Pricing



- Tenderers will be required to submit a single reference rate for **High Quality Ash pulpwood** in the average yield class.
- The initial rate differentials to be used to establish base rates in Item 6 of Schedule 1 of the Agreement are:
 - 1. Yield Class Rate Differentials

	Yield Class (m ³ /Ha)						
	50 - 100	101-150	151-200	201-300	301-400	401-800	801+
\$/m ³	+\$4.39	+\$2.74	+\$1.95	+\$1.60	+\$1.50	+\$0.33	+\$0.00

- 2. Product Rate Differentials

	Sawlog					High & Medium Quality Pulpwood, Green Firewood	Low Quality Pulpwood
	B	C	D	E2	E1		
\$/m ³	+\$5.10	+\$4.00	+\$2.90	+\$1.80	+\$1.80	\$0.00	-\$4.00

Harvest Tender Pricing

➤ Combined differentials:

Yield Class (All products m3/ha)	B	C	D	E	HQ&MQ Pulpwood & Green Firewood	LQ Pulpwood
50-100	\$7.89	\$6.79	\$5.69	\$4.59	\$2.79	\$(1.21)
101-150	\$6.24	\$5.14	\$4.04	\$2.94	\$1.14	\$(2.86)
151-200	\$5.45	\$4.35	\$3.25	\$2.15	\$0.35	\$(3.65)
201-300	\$5.10	\$4.00	\$2.90	\$1.80	Reference Rate	\$(4.00)
301-400	\$5.00	\$3.90	\$2.80	\$1.70	\$(0.10)	\$(4.10)
401-800	\$3.83	\$2.73	\$1.63	\$0.53	\$(1.27)	\$(5.27)
801-	\$3.50	\$2.40	\$1.30	\$0.20	\$(1.60)	\$(5.60)

➤ Mixed species Add-On: 8.6%

➤ Uphill Snigging Add-on:

- Up to \$1.00/m³ is potentially available. If more than 50% of a coupe (by vol) is to be pulled up hill in a coupe with Slope Category 2, 3 or 4 then the value of the add-on (up to \$1.00/m³) can be negotiated.

Haulage Tender Pricing

- Haulage Reference Rates are for A Class roads

- Reference rates are to be submitted for pulpwood and sawlog
 - B class = A rate x 122%
 - C class = A rate x 171%
 - D class = A rate x 450%

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Log Product and Delivery Details



- Timber can be expected to be delivered to the following VicForests customers:
 - Sawlogs: B, C & D grades:
 - ASH at Heyfield,
 - Fenning at Bairnsdale,
 - Ryan & McNulty in Benalla,
 - Walkers in Corryong
 - Sawlog : E grade : Dormit in Swifts Creek
 - Pulpwood: Australian Paper at Maryvale

➤ Eligibility requirements:

- demonstrated experience in timber harvest or general haulage
- legal entity with ACN and ABN
- have or will have the mandatory equipment;
- have no outstanding audit actions from a Safety Management System audit;
- for an Alternative Tender, have submitted a compliant Tender from which the Alternative Tender varies;
- have a satisfactory statutory payments position;
- have signed the commitment statement regarding the Supplier Code of Conduct;
- provided a Local Industry Development Plan; and
- provided an acknowledgement letter from ICN.

➤ In evaluating an RFT Submission VicForests will:

- ensure eligibility requirements have been satisfied.
- assess any Conflicts of Interests
- consider any financial risk to VicForests
- determine a Non-price Score using information provided in a submission and information VicForests has about the Tenderer's systems and previous performance.
- calculate a Weighted Average Comparison Rate from the Reference Rate.
- $\text{Non-price Score} + \text{Weighted Average Comparison Rate} = \text{Total Unit Cost}$
- Total Unit Cost will be compared to an undisclosed Comparative Unit Cost
- Total Unit Cost and any other relevant commercial matter will be considered in making the best value judgement for VicForests.

Non-Price Score



➤ Refer to RFT Documentation

>Submission Forms

RFT Submission



Lodgment of Submission:

- > Forms 1 to 11 & Form 12.
- > All Tender documents must be lodged via electronic submission to the vfs.Woodsupply@vicforests.com.au email address by **5:00 pm, Monday 22nd July 2019.** **Friday, 13 September 2019.**

HELP/ASSISTANCE



➤ Forms & Submission:

Please contact Ella Ross

Email: vfs.woodsupply@vicforests.com.au

Ph: 5624 8132, Mob: 0400 434 357

➤ RFT process:

Email to [vfs.Woodsupply@ vicforests.com.au](mailto:vfs.Woodsupply@vicforests.com.au)

> Questions?