



Delivering Value and Efficiency Through Procurement

Tasmanian Irrigation Case Study

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Background

- In the mid-2000's, the Tasmanian Government embarked on the development of Tasmania's Water Development Plan
- The Plan outlined a number of concepts of regionally-significant irrigation schemes to underpin the developed of the Tasmanian agricultural sector
- Funding was provided to the identified projects from the Tasmanian Government (\$80M) and Commonwealth Government (\$140M) to be matched with private investment (\$90M)



Challenges

- Deliver results – efficient & effective
- Model relatively untried for irrigation infrastructure
- Tasmanian contractor experience
- Government framework
- Design Parameters



Delivery Process

- **Established a commercial-focused organisation**
 - State-owned company with a skills based board and staff
 - Private sector experience
 - Both sides of the table
 - Clear objectives of delivery



Delivery Process

- **Three Phased Procurement and Implementation Process**
 - Contract Plan & Documentation
 - Tender & Evaluation
 - Award, Construction & Administration



Delivery Process

- **Three Phased Procurement and Implementation Process**
 - Example of the Southern Highlands Irrigation Scheme
 - 7,215 ML delivery per season to ~8,000 ha
 - 58 km HDPE pipeline, 7,800 ML dam, 2 pump stations
 - Capital budget ~\$30 M
 - 98% of water entitlements pre-sold (\$8.4 M)



Delivery Process

- **Contract Plan & Documentation**
 - Risk allocation – who is best placed to control a risk?
 - Battery limits – clear definition
 - Remove unknowns – approvals, site conditions etc.
 - Principal procurement of standard products – pipes, fittings
 - Understanding of market



Delivery Process

- **Contract Plan & Documentation – Southern Highlands Example**
 - Two D&C contracts – Pipes & Pump Stations / Dam
 - Significant amount of work in defining battery limits of contractors
 - All major approvals received – EPBC Act, Dam Permit, etc.
 - Below-ground risk – contractor is best placed to manage risk
 - Principal supplied pipes and fitting – cost saving



Delivery Process

- **Tender & Evaluation**

- Set the scope once – resist changes
- Adequate time & information to tenders
- Clear tender formation and information schedules
- Performance-based specifications
- Include all permits and approvals into the contract documents



Delivery Process

- **Tender & Evaluation - Southern Highlands Example**
 - Performance requirements set out clearly “*what needs to be delivered*”
 - Preliminary design and general site condition information provided
 - Adequate time – tenders can sharpen pencil & innovate
 - Template responses – easier comparison & evaluation
 - Detailed tender meetings & clarifications with 2-3 of leading tenders



Delivery Process

- **Award, Construction & Administration**
 - Disciplined communication processes – everything in writing
 - Presence on-ground, good site records, efficient decision-making
 - Review process for future contracts



Delivery Process

- **Award, Construction & Administration – Southern Highlands Ex.**
 - All correspondence will be in writing, be placed on a register, numbered and closed out
 - Up to three principal representatives on-site: detailed notes & records to allow for efficient decision making on variations
 - Systematic reporting – managing the performance of the contract
 - Getting “points” with the contractor early



Summary

- People – Right people on the team
- Risk – Who is best placed to have the risk
- Remove project “unknowns” – provide certainty to the contractors
- Scope clearly defined in contract specifications – one opportunity
- Spend effort & time at the “front end” of the contract

