



Australian Government

Defence

Acquisition Pricing Workbook Guide



Version 1.1



Authority

This *Guide* does not create procurement policy. This *Guide* may refer to mandatory procurement policies contained in the *Commonwealth Procurements Rules*, the *Defence Procurement Manual*, and other Defence policies (refer to the “Reference” section), which are applicable to *Australian Standard for Defence Contracting* (ASDEFCON) templates. Any mandatory procurement guidance referred to in this *Guide* is sourced from appropriate legislation and mandatory Commonwealth and Defence policy.

Note to Defence Staff and External Agencies

This Guide provides information regarding the ‘*Acquisition Pricing Workbook*’, which is released as a part of the *ASDEFCON (Strategic Materiel)* and *ASDEFCON (Complex Materiel) Volume 2* templates. Defence staff and external agencies intending to use an associated *ASDEFCON* template will need to tailor that template to their specific procurement requirements and should seek appropriate professional guidance as required.

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Feedback

Feedback and suggestions should be sent to: procurement.ASDEFCON@defence.gov.au

Amendment Record

Version	Release Date	Description of Amendments
1.0	November 2022	Initial release for the Acquisition Pricing Workbook V5.1.0.
1.1	April 2024	Minor incremental change.

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INTRODUCTION

Purpose

The purpose of this guide is to assist Defence and Industry users of the Acquisition Pricing Workbook (ACQPW) when tendering, and to develop or update the pricing details for a medium-complexity or high-complexity acquisition contract during negotiations or when a costed Contract Change Proposal (CCP) is required.

In addition to pricing, the ACQPW enables users to calculate the planned Australian Contract Expenditure (ACE) and planned Imported Contract Expenditure (ICE), in support of the Australian Industry Capability (AIC) program for a contract.

This guide was written for version 5.1.1 of the ACQPW.

Background

The ACQPW is intended for contracts that use the following ASDEFCON templates:

- *ASDEFCON (Strategic Materiel)*
- *ASDEFCON (Complex Materiel) Volume 2*

Both of these templates are structured for firm-price contracts³, with payments to be made to the Contractor on a Milestone basis, following the delivery of Supplies or upon completion of other Milestones.

The ACQPW, developed in Microsoft Excel®, serves as a mechanism by which to collect tendered financial data. For the successful tenderer, specific worksheets from the ACQPW will form annexes to the Price and Payments attachment of any resulting contract.

The ACQPW can be used for both the tender process and under contract. This document aims to provide guidance in both situations. Accordingly, for tender purposes, any reference to the 'Contract' should be read as 'any resultant contract', and any reference to the 'Contractor' should be the 'Contractor under any resultant contract', and so on for Subcontracts.

References

In addition to the ASDEFCON templates listed above the following references are applicable to the completion of the ACQPW:

- *ACE Measurement Rules*
- *ACE Guide for ASDEFCON*
- *CASG Cost Principles*
- DEF(AUST)5664A, *Work Breakdown Structures for Defence Materiel Projects*

Definitions

Terms presented as defined terms within this guide have the meanings given in:

- *ASDEFCON (Strategic Materiel) Glossary and Details Schedule;*
- *ASDEFCON (Complex Materiel) Volume 2 Glossary and Details Schedule;*
- *the ACE Measurement Rules; and*
- *the CASG Cost Principles.*

Links from ASDEFCON template files

In the ASDEFCON templates the financial tender data requirements (TDR D) refer to individual worksheets within the ACQPW, which are to be prepared as part of the tender response. Similarly, the Price and Payment schedules, in Attachment B to the conditions of contract (COC), identify those worksheets that will form annexes to that Attachment.

³ Prices are firm / fixed but subject to adjustment for economic factors, with the exception of any further quantities or optional extras that are yet to be agreed, or any 'Cost Reimbursement' component (using defined rates) included within the scope of the Contract.
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In both cases, the templates refer to the names on each worksheets' tab. If the names of the worksheets are changed, then TDR D and Attachment B will need to be updated.

Some worksheets are not referenced in the ASDEFCON templates; however, they may need to be completed to either complete the worksheets that are referenced, or to provide supporting information to assist Commonwealth personnel in understanding the prices.

Before you begin

The ACQPW includes links between worksheets in order to perform calculations and enable the drop down lists to function. Hence, it is not generally practical to break-up the workbook into worksheets that can be given to different parties and populated separately. If the workbook is broken up to collect data, considerable care will need to be taken in order to reconstruct the workbook from separate parts. This is not recommended.

If information is required to be collected from different parties (eg, proposed Approved Subcontractors), tenderers may need to create separate 'data collection' tools based on worksheets in the ACQPW.

Please note: emailing the ACQPW out of the Defence Protected Environment can corrupt the links to named ranges and the operation of macro code. Distributing the ACQPW may require a different method, such as saving to a USB drive or burning to an optical disk.

INFORMATION WORKSHEETS AND STRUCTURE

Layout of Workbook

Within the ACQPW, worksheets are organised into a number of groups, which are:

- Information worksheets, which describe the workbook structure and provide basic instructions for the Commonwealth drafter and tenderer;
- Summary worksheets, which provide contract-level summaries of pricing data;
- Menus, Subcontracts and Constants worksheets, which are used to define the price breakdown structure and identify subcontractors and foreign currencies, all of which are used in drop down lists within the pricing information worksheets;
- Pricing information worksheets, which contain the individual price-level data to be tendered and included in any resultant contract; and
- Supporting information worksheets, which are used to explain the price basis used in the preparation of the pricing information.

The first worksheet, 'Layout of Workbook' identifies the above groups, which are colour coded, and the order in which they would usually be populated (not as listed above).

Instructions and definitions

The 'Instructions for Each Layout' worksheet provides a high-level summary of the data needed by each worksheet. This provides some in-workbook guidance, with additional detail provided by this guide.

The 'Instructions for Drafter' and 'Instructions for Tenderer' worksheets require some information to be entered, but otherwise act as a checklist for completing the workbook.

The 'Definitions' worksheet is provided for convenience only, and does not take precedence over any definitions within the Glossary of a draft contract or any resulting contract.

MENUS, CONSTANTS AND SUBCONTRACTORS

Introduction

The 'Menus', 'Constants' and 'Subcontractors' worksheets need to be addressed before pricing data is entered, in order to populate drop-down menus and error checking tables.

Some requirements in the 'Menus' and 'Constants' worksheets should be addressed by the Commonwealth drafter before releasing the tender.

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Menus Worksheet

The 'Menus' worksheet is used to define the pricing level structure to be used in the pricing information worksheets. The pricing levels entered in the 'Menus' worksheet will appear in drop down lists. The 'Menus' worksheet may contain an example pricing level structure based on a Contract Work Breakdown Structure (CWBS). Note that:

- the top pricing level is at level 2 of the CWBS; for example, a pricing level 1 entry might be '1.01 – Mission System #1' where '1.01' is CWBS level 2, because CWBS level 1 is the whole of the draft Contract; and
- due to conditional formatting, pricing level 1 text will appear bold (this is conditional on having a blank space ' ' in the fifth character position).

Commonwealth drafters should add all pricing level 1 entries into the 'Menus' worksheet. These entries should match the Contract Summary WBS (CSWBS) under clause 4 of the Glossary. Drafters should also ensure that the CSWBS item descriptions in the Glossary are correct. Lower level entries in the structure may be deleted or have the names removed.

Tenderers will need to develop a pricing level structure with sufficient detail to break down the pricing of their proposal. A sufficient level of detail should demonstrate that the tenderer has a thorough understanding of the work scope and enable the Commonwealth to understand the pricing proposed, including how significant work activities would be related to Milestone Payments. The pricing level structure / CWBS for pricing should be consistent with DEF(AUST)5664A and the CWBS included in the tender response.

If additional rows are required to define the 'CWBS Numbers and Titles' for the pricing levels, these can be inserted before the last line of the table, within the shaded area, and they should appear in the drop down lists in other worksheets. If they do not appear, check if the new rows are contained within the data range called "Level1".

Constants Worksheet

The 'Constants' worksheet contains information and calculates values that can be selected on other worksheets using drop down lists. The only data to be entered in this worksheet are the foreign currencies, updated exchange rates, and the date when the exchange rates were published.

Commonwealth drafters should review the currencies listed and, if a new currency is expected to be used by potential tenderers, add the new currency by overwriting one that is not expected to be used. All exchange rates should be updated using Reserve Bank of Australia (RBA) rates, and the publishing date inserted above the table.

Note that, if work or materials are being acquired from multiple European nations, it may be necessary to identify different EUROS (eg, EURO-F for France and EURO-G for Germany) because the escalation factors (the indices used in the 'Adjustments' worksheet) will move at different rates between these countries, even though the same exchange rate is used for both.

Tenderers should not need to amend this worksheet unless an unlisted foreign currency is required by themselves or a proposed Subcontractor. If applicable, the new currency and exchange rate can be added by overwriting an entry that is not required.

Subcontractors Worksheet

The 'Subcontractors' worksheet identifies proposed Subcontractors, if known, or titles to identify Subcontracts that are yet to be competed. Approved Subcontractor names (or Subcontract titles) will then appear in the drop down lists for 'Supplier' in other worksheets.

Tenderers should identify if a proposed Subcontractor is likely to be considered to be an Approved Subcontractor in accordance with the criteria in the draft COC. If a proposed Subcontract, which is still to be tendered, would meet the Approved Subcontractor criteria, then this entry should also be identified as an Approved Subcontractor. More detailed pricing information will be required for some or all proposed Approved Subcontractors, depending on what has been specified in the tender data requirements. Additional pricing data may be sought during negotiations, when the Commonwealth and preferred tenderer can review the scope of the proposed Approved Subcontracts.

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Please note that the ACQPW does not readily handle proposed Subcontractors that would be Approved Subcontractors to higher-level Approved Subcontractors.

This worksheet also requires the identification of non-Approved Subcontractors that are proposed as direct subcontractors to the tenderer or as direct subcontractors to proposed Approved Subcontractors. Note that for work that is yet to be allocated, proposed subcontracts may be identified in the comments as 'to be tendered' or similar.

Some additional information is required for non-Approved Subcontractors, including the subcontract type, being the main purpose of the non-Approved Subcontract (eg, to supply labour, materials or other inputs, for example, freight), and the "related CWBS number and title". This information should correspond to entries in the Price Schedule, which provides a cross-reference and an understanding of the Subcontractor's role in the CWBS.

Data entered for the source currency and total price columns will help the Commonwealth to decide whether to pay amounts all in \$A, or partly in source currency, under any resultant contract. The prices here also allow for a cross-check of the pricing information.

If there are insufficient rows for all proposed Subcontractors / Subcontracts, additional rows can be added to this table by inserting them before the last row of the table (ie, kept within the data range called 'Subcontractors'). If a proposed subcontractor will be a direct subcontractor to the tenderer and to one or more Approved Subcontractors, the proposed subcontractor will need to be inserted as many times as necessary to enable the parent contractor to be identified in each instance.

SUMMARY WORKSHEETS

Contract Summary

Values in the 'Contract Summary' worksheet are calculated from the foreign exchange and price data in the 'Price Schedule' worksheet. All information is calculated, hence, there is no need to enter data into this worksheet.

The 'Contract Summary' and 'Price Schedule' worksheets allow for up to 10 currencies to be used. If additional currencies are required, the project office should seek assistance from Financial Investigation Services (FIS).

ACE Summary

The 'ACE Summary' worksheet calculates planned ACE percentages for any resultant contract. The ACE percentage for the total contract expenditure is calculated from data in the 'Price Schedule' worksheet. When required, ACE percentages for ACE Measurement Points require values to be entered manually.

If Prescribed ACE Percentages for some or all ACE Measurement Points are to be tendered then planned ACE percentages will be required in response to TDR D. Commonwealth drafters should refer to the TDRs for AIC and Financial data for guidance and to identify the ACE Measurement Points to be used for tender purposes.

If planned ACE percentages for some or all ACE Measurement Points are to be tendered, tenderers may use the 'ACE Summary' worksheet to perform these calculations. Planned values for ACE and ICE can be added into the 'Individual Measurement Point Values' table and the cumulative values (for the tender response) will be calculated in the lower 'Cumulative ACE Values' table. ACE measurement, for ACE Measurement Points, refers to cumulative values.

Note that the ACE percentage for the last ACE Measurement Point should equate to the ACE percentage for the whole contract.

Calculated values of ACE% and ICE%, and total values, are provided at the right of the tables to allow users to cross-check the results.

PRICING INFORMATION WORKSHEETS

Introduction

The worksheets that detail pricing information provide the basis of the financial tender response (TDR D) and the annexes to Attachment B of any resulting contract.

The 'Price Schedule' worksheet is the primary information source for the tendered Contract Price, with the 'Milestone Payment Schedule' presenting the Milestone Payments that make up the Contract Price. 'Specific Prices' and 'Further Quantities' worksheets are considered during the tender and, subject to negotiations, may amend the Contract Price for any resultant Contract. The 'Adjustments' worksheet defines the basis on which actual amounts paid, under any resultant contract, are calculated from the Base Date pricing information included in the 'Milestone Payment Schedule'.

Price Schedule

The 'Price Schedule' worksheet is developed by the tenderer and forms the primary pricing information for the Contract Price. Note that the Contract Price and the 'Price Schedule' do not include any Not-To-Exceed (NTE) prices for various Support Resources in the 'Specific Prices' worksheet, or prices for further quantities or optional extras from the 'Further Quantities' worksheet.

An explanation of each group (of columns) and each column of pricing data is included in the notes below the table at the bottom of the worksheet. The following description explains how these groups and columns are inter-related and how they are populated.

In this worksheet there are no 'subtotals'. All prices should only be entered once, at the lowest level of the price breakdown. This means that the cells for prices in the higher levels of the pricing structure will not have price data entered. For example, do not include prices at level 3 and then subtotal those prices at level 2 of the pricing structure as this will cause these prices to be counted twice in the totals below the table.

To assist in reviewing the build-up of prices, there is an in-built 'tool' to the right of the comments column. By entering the CWBS level, subtotals at that level will be calculated and displayed. This function is only included to assist in review and error checking only and is not printed as part of the Price Schedule to be included in any resultant contract.

Price Breakdown. The first column is for a unique (eg, sequential) line number, and when printed, this number repeats from one page to the next so that the price breakdown can be traced over multiple pages. The next three columns create a contract price breakdown structure comprising of the 'CWBS Number and Title' (ie, using the pricing levels from the 'Menus' worksheet), Supplier and source currency. Column (e) displays the exchange rate for the selected source currency.

One 'CWBS Number and Title' (ie, a pricing level from the 'Menus' worksheet) may have more than one Supplier and, therefore, require more than one row to be entered into the worksheet. For example, a single pricing level may have the prime contractor and one or more Approved Subcontractors, or one or more Approved Subcontractors without separately priced work by the contractor. Note that if the prime contractor is not a Supplier for a line item / pricing level, the prime contractor's overheads for managing the Subcontract is still entered into the 'Contractor Overheads and Fees' group of columns.

The 'Supplier' drop down list will identify the prime contractor and Approved Subcontractors that have been listed in the 'Subcontractors' worksheet. Only the prime contractor and some or all proposed Approved Subcontractors (depending on the tender data requirements) need to be identified with their own rows in the 'Price Schedule' worksheet. Price details for the Contractor's non-Approved Subcontractors, and for Approved Subcontractor's non-Approved Subcontractors, are generally included on the same line as the Contractor or Approved Subcontractor, respectively, except where there are non-Approved Subcontractors of different categories (ie, Labour, Materials and Other); in which case additional lines will be required. Names of non-Approved Subcontractors do not appear on this worksheet, unless included in the comments.

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(a)	(b)	(c)	(d)	(e)
1	1.01 - Mission System #1			
2	1.01.01 - Subsystem 1 - Platform			
3	1.01.01.01 - Hull	Prime Contractor Company	AUD	1.00
4	1.01.01.01 - Hull	BBB Ltd	AUD	1.00
5	1.01.01.01 - Hull	DoDo Pty Ltd	USD	0.72
6	1.01.01.02 - Super structure	Prime Contractor Company	AUD	1.00
7	1.01.01.02 - Super structure	Prime Contractor Company	EUR	0.64

If the Commonwealth is considering making payments in source currencies (refer to TDR D for payments made in source currencies), the pricing levels within a CWBS entry may be broken down further if payments for a Supplier would be in more than one currency.

The above example displays a breakdown where the prime contractor and some Approved Subcontractors contribute to two different subsystems, with work occurring in different countries to be paid in applicable source currencies.

Contractor Direct Costs. Column group (f) identifies labour, materials, other direct costs (ODCs) and non-Approved Subcontract prices for the work undertaken and the items supplied by the prime contractor, in a particular currency. If the Contractor will be performing work or supplying items within the same pricing level, in two or more different currencies, then an additional row will be needed for each additional currency.

Under the labour, materials and other direct costs categories, the tenderer / Contractor is to enter the amount in source currency. These costs are 'GST exclusive and fully burdened', as noted in the 'Instructions for Tenderer' worksheet. Hence, labour prices should be consistent with the 'Labour Rates' worksheet and the on-costs and direct overheads in the 'Schedule of mark-ups' worksheet (excluding indirect overheads and profit), when these worksheets are required.

The tenderer / Contractor is to insert the percentage of each amount that would qualify as ACE in accordance with the *ACE Measurement Rules*. The ACE amount in source currency is calculated from these values. Note that this method allows prices to be identified in a foreign currency even when some of the work is being performed (or other costs are being incurred) in Australia or New Zealand (eg, when a foreign Contractor has the installation of their equipment performed by a local Subcontractor).

For the Contractor's non-Approved Subcontracts (ie, those not meeting the criteria for an Approved Subcontract), the tenderer / Contractor needs to identify the nature of the non-Approved Subcontract(s) from the 'Subcontract Type' drop down (ie, labour, materials or other). Many Subcontracts will include a combination of components (eg, providing materials can also involve labour and freight charges) but only the primary cost component or dominant purpose for each non-Approved Subcontract should be selected from the drop down list.

Contractor's 'other direct costs' (column group (f)) do not include indirect costs (eg, General and Administrative (G&A) costs) or profit. Indirect cost components are added under column group (h), as described below.

Approved Subcontractor Prices. Column group (g) identifies labour, materials, other direct prices and non-Approved Subcontract prices for the work undertaken and items supplied by an Approved Subcontractor, in a particular currency. These prices are inclusive of the Approved Subcontractor's overheads and profit, as applicable to each cost category, as would be charged to the prime contractor. As described for Contractor cost data (above), additional rows will be required for any additional source currencies.

Contractor Overheads and Fees. Column group (h) identifies the Contractor's overheads and other fees for each line in the price breakdown. Indirect Overheads includes general and administrative charges (refer to 'Indirect Costs' in the *ACE Measurement Rules* and the *CASG Cost Principles*) and these may applied or allocated, as applicable, to:

- the Contractor's direct costs, including the Contractor's non-Approved Subcontract prices (column group (f)); and
- Approved Subcontract prices (which are also the Contractor's costs, but separated to provide greater insight), including the Approved Subcontractor's non-Approved Subcontract prices (column group (g)).

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The 'Management Reserve' in this instance includes contingency and management reserve amounts (refer *CASG Cost Principles*) and any other risk or uncertainty-related fee or premium (however described) calculated for, or allocated to, the line item in the pricing breakdown. As with Indirect Overheads, these may apply to column groups (f) and (g).

The 'Profit' amount is the Contractor's profit applicable to the Contractor's costs in column group (f), the Approved Subcontract prices in column group (g), Indirect Overheads, and Management Reserve. Different profit levels may apply to different cost categories and, therefore, the 'Profit' amount inserted is not automatically calculated. However, the amount of profit should be derived from the profit levels identified by the Contractor in the 'profit' section in the 'Schedule of Margins' worksheet.

Totals. Column group (i) calculates the totals from the other column groups, with the exception of GST. The applicable GST must be inserted, in \$A. In most cases this will be 10% of the 'Total Annual (ex. GST) (\$A)' amount; however, as some prices may have a GST-exempt component this has been left for manual entry.

Australian Contract Expenditure. Column group (j) is used to determine the total ACE% and amount in \$A. These numbers are automatically calculated from the previous columns.

Comments. The comments column allows entry of any comments and explanatory notes. This may be used to name non-Approved Subcontractors applicable to a line, or identify when a proposed Approved Subcontract (that has not been tendered) will be tendered.

Final checks. Tenderers, the Contractor and the Commonwealth using or referring to this worksheet should check the following, as applicable:

- That there are no price duplications within an individual line-item, especially where non-approved Subcontractor prices have been separated from other Contract costs on the same line.
- Check that prices for each row are unique and not duplicated, including that no prices identified at a lower level price breakdown are also included in a higher level price within the price breakdown structure (ie, no subtotals or roll-up within the structure).
- Confirm that the totals (immediately below the price breakdown) are capturing prices from all lines (particularly if rows were added to the bottom of the table). Note that these totals are also copied to the top of the worksheet.
- Confirm that the values in the 'Total Currency Calculator' (the table below the Price Schedule table) appear to be totalling the correct currency breakdown. Note that whatever source currency is used, all GST is totalled to the top line (for AUD).
- Confirm that total prices are being transferred into the 'Contract Summary' and 'ACE Summary' worksheets.

Milestone Pricing Schedule

The Commonwealth's preference is to make payments for deliveries, or otherwise for tangible points of risk reduction, such as design reviews. Accordingly, the 'Milestone Pricing Schedule' worksheet identifies an applicable Milestone Payment for each Milestone. The total of the Milestone Payments should equal the total Contract Price from the 'Price Schedule' worksheet.

The Milestones listed in the 'Milestone Pricing Schedule' worksheet must be consistent with the Milestone Schedule in draft Attachment C. Note that Attachment C is the authoritative reference for Milestone dates and descriptions, however, some details are copied here for convenience.

An explanation of each column is included in the notes below the table, at the bottom of the worksheet. The following description explains how these columns are inter-related and how they are to be populated.

Milestone details (a) to (e). The Milestone number, date and description details should be copied from or otherwise aligned with Attachment C. If the tenderer proposes to include new Milestones in order to create 'progress payments' for the Contract, then these would need to be included in Attachment C, along with details of the criteria to be met for that Milestone.

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Note that additional rows can be added to the table by copying an existing row and inserting it above the last line. This will ensure that the relevant formulae are included in the new line.

When a Milestone Payment will include amounts paid in more than one source currency, then an additional row will need to be added for each currency. For example:

Milestone Number	Date / Event	Milestone Description	Source currency	Exchange rate
(a)	(b)	(c)	(d)	(e)
...		
23	ED + 30m	Detailed Design Review (DDR)	AUD	1.0000
23	ED + 30m	DDR	USD	0.7171

Payment details (f) to (k). Tenderers are to insert the applicable amounts for the payment in source currency and GST in \$A, and the ACE%. GST is entered manually. In most cases GST will be 10%, but some prices may include a GST-exempt component. Other values should calculate automatically.

Adjustments. The final column is used to cross-reference the 'Adjustments' worksheet, to the time period (quarter) in which the Milestone is expected to be achieved. Milestone Payment amounts should be entered in Base Date values and the 'Adjustments' worksheet identifies the indices and the associated weightings that will enable adjusted prices to be calculated in the future.

Final checks. Tenderers, the Contractor and the Commonwealth using or referring to this worksheet should check the following, as applicable:

- Confirm that the total amounts in \$A for the Milestone Payments matches the Total Price in \$A (ie, the Contract Price), from the 'Price Schedule' worksheet.
- Confirm that the descriptions of Milestones match those in Attachment C.
- Ensure that each Milestone date / event and the Adjustments (reference) are aligned to the applicable column reference in the 'Adjustments' worksheet.

Specific Prices

The 'Specific Prices' worksheet identifies the specific prices and NTE prices that will be considered during tender evaluations and at negotiations. This worksheet needs to be tailored by the Commonwealth drafter before the tender is released.

An explanation of each column is included in the notes below the table, at the bottom of the worksheet. The following description explains how these columns are inter-related and how they are to be populated.

Identifying Specific Prices and NTE Prices. The default list of prices in the worksheet contains a number of suggested price descriptions that need to be reviewed, and potentially tailored, by the Commonwealth drafter. To the left of column (a) are indicators as to whether a listed price is 'core', 'RFT core' or 'optional' – these are included as guidance for the drafter and must be deleted before the tender is released as prices will be required for everything that remains listed.

Some prices are identified as core, such as insurance. Some prices may be identified as RFT Core, for example, prices for bank guarantees for mobilisation payments and performance. These prices need to be tendered and, subsequently, it will be decided if they need to be included in any resulting contract.

Any prices indicated as optional are included if required for the scope of the draft Contract. For example, if Cost Reimbursement Supplies are being considered for any resultant contract, then a NTE price would need to be tendered for that scope of work (also see 'Cost Reimbursement' worksheet below). In other cases, a Commonwealth decision will be informed by a tendered price, such as whether to provide specific items of Government Furnished Equipment (GFE).

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If required, additional rows can be added if additional 'specific prices' need to be identified (eg, when there are multiple sites available for GFF, or for individual items or packages of GFM will be offered).

NTE prices cater for scope that can be estimated but cannot be fully defined during a tender. For example, an accurate cost for the spares package will be unknown because elements of the Mission System are still to be selected or designed. In this case, a CCP is required to replace the tendered NTE price with the actual price when the spares list and a final price are determined during any resulting contract. As it is an NTE price, however, the final price cannot exceed the NTE price.

Commonwealth drafters need to ensure consistency between the list in the 'Specific Prices' worksheet and the requirements in TDRs that ask for specific prices, including Commercial (TDR C), Financial (TDR D), Project Strategies and Experience (TDR E), and the Materiel System solution description (TDR F) annexes.

Once the list of specific and NTE prices has been decided, the Commonwealth drafter should confirm that column (c) properly identifies if prices are to be included or not included in the tendered price for the draft Contract (ie, if included in the 'Price Schedule' worksheet). If 'not included' in the tendered price, a specific price will only appear on this worksheet. The Commonwealth drafter may add relevant comments to the comments column.

Pricing details. Tenderers are to provide pricing details (currency, amount and GST) against the listed price descriptions. Tenderers may add relevant comments to the comments column.

NTE prices for spares, S&TE, Training Equipment and special-to-type Packaging may be included in a single currency, but when significant quantities would be sourced from different countries, an NTE prices may be split into separate lines for each currency (note each line will includes a total in \$A, which assists the Commonwealth to compare tenders). Separating an amount into currencies will facilitate future adjustments for fluctuations in exchange rates and indices.

Tenderers may identify indices from the 'Adjustments' worksheet, when applicable, and other relevant information within the comments column.

Final checks – Commonwealth. The Commonwealth drafter should confirm that the list of specified and NTE prices includes all of those that are required to support the tender and the scope of the draft contract.

Final checks – Tenderers. Tenderers should check the following, as applicable:

- Confirm that the prices 'included in acquisition pricing' are included in the 'Price Schedule' worksheet (noting that many, like insurance, will be included within 'Indirect Overheads').
- Ensure that the prices identified as NOT 'included in acquisition pricing' have not been included in the 'Price Schedule' worksheet, to avoid double-counting.

Further Quantities

The 'Further Quantities' worksheet identifies any further quantities of Supplies and/or optional extras for which prices are to be tendered. These items may be Supplies or services (eg, transition services) or a combination of both (eg, equipment to be installed into a Defence facility) identified by the Commonwealth or proposed by a tenderer.

When identified by the Commonwealth, the drafter should include a description, quantity (if known), and relevant comments such as identifying a Statement of Work (SOW) clause or a related trade-study requested by the Commonwealth in relation to the further quantities or optional extras.

Tenders should identify the source currency and the cost in source currency. Additional lines in the table may be added, for a further quantity or optional extra, if there will be significant related costs in different currencies.

The 'Option Expiry Date' is relevant when a decision regarding the further quantities or optional extras may only be offered for a limited period of time, for example, because the availability of the option is related to the production of other items or because the price

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validity is only offered for a particular time period. If there is no time limit, leave blank or insert “NA” for “not applicable”.

If required, the ‘Adjustment (reference)’ may refer to the applicable labour and materials indices in the ‘Adjustments’ worksheet to enable an appropriate price adjustment to be calculated at a future date should the further items be purchased.

Final checks. Tenderers, the Contractor and the Commonwealth using or referring to this worksheet should check the following, as applicable:

- Confirm that the full scope of further quantities and/or optional extras are captured (ie, avoid incomplete options or additional equipment without Support Resources).
- Confirm that the expiry dates make sense for decision points in the applicable phase of the contract.

Adjustments

The ‘Adjustments’ worksheet enables prices to be adjusted for fluctuations in the cost of labour and materials. It identifies the various index series to be used and the relevant cost components (weightings) needed to calculate the adjustments to any payments made under the resultant contract to bring them into the ‘current year’ values from the (Base Date) prices contained in the ACQPW.

The ‘Adjustments’ worksheet is designed for the ‘Milestone Pricing Schedule’ worksheet, as the majority of contract payments will be Milestone Payments. The principle applied is that the type of work and the related expenditure changes during the course of a contract, from design and development through to production and installation activities, and that Milestone Payments are made up of the numerous labour and materials cost components relevant at that time. Accordingly, the ‘Adjustments’ worksheet ‘maps’ the applicable labour and materials cost indices into a schedule, whereby the portion of the cost attributed to each index can be changed for every three month period (in the table to the right of this worksheet).

Adjustments for Milestone Payments

In the ‘Adjustments’ worksheet, the top two tables on the left of the worksheet identify labour and materials indices (ie, each statistical index series to be used). If the contract involves different currencies, indices will need to be identified for each different currency, as costs for the same category of labour or materials can change at different rates in different countries. For preferred indices, refer to the notes in the Adjustments clause in Attachment B of the draft Contract.

The third table down on the left is only applicable if there is a ‘fixed’ or ‘non-variable’ price component for the prices in a particular currency. This may also be described as a ‘non-indexed’ component, meaning that the cost does not change over time (eg, it stays at the Base Date price); however, the fixed portion (ie, weighting) included within a Milestone Payment amount can still change from one three-month period to the next.

The top three tables to the right of the worksheet are the ‘Weightings’ tables, which identify ‘cost component’ (Y or Z) for the indices in the left tables (L or M), and the ‘non-variable’ component. These are described as ‘weightings’ or ‘the percentage of the price’ (for the Milestone Payment) attributed to the individual labour or materials index. Each column allows a different set of weightings for each currency to be applied each quarter. This allows for the weightings to be changed as the nature of work under the contract changes, and also to apply up-to-date index values, which may be published at different times of the year for different countries. Note that the weightings are for labour and materials in each quarter (ie, they do not consider the cumulative amount of labour or materials since the start of the contract, only what is applicable in the quarter).

The bottom tables (all grey) provide the ability to error check the cost components inserted in the upper ‘Weightings’ tables. For each currency on the left, the sum of the cost components (weightings) must add up to 1.000 in the table to the right. In other words, the table must account for 100% of the labour and materials amounts, as applicable to each payment in each currency. Hence, all numbers in the cells in the lower table, for each currency used in each quarter, should be 1.000. If a number other than 1.000 (or blank / zero) appears, then there is an error in the weightings.

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Example Adjustment Calculation

Below the tables in the worksheet is a formula, copied from Attachment B, in which indices are used to calculate the price adjustment (PA) for applicable payments in a given quarter, which could include Milestone Payments, Cost Reimbursement Payments, or payments for additional quantities that may have been ordered. A price adjustment is the change to the price for an applicable payment. For Milestone Payments, prices are listed in the 'Milestone Pricing Schedule', which identifies the Milestone value prior to the price adjustment, and the associated currency or currencies. It also identifies the planned timing for the Milestone Payment for convenience; Attachment C provides the contractually-required timing.

$$PA = P * \left(X + \sum_{i=1}^q \left(Y_i * \frac{L_n}{L_0} \right) + \sum_{k=1}^r \left(Z_k + \frac{M_n}{M_0} \right) \right) - P$$

As an example of a labour index being applied. A labour index series 'ABC123' is identified in the top-left table by its description, index table identifier and provider series ID (eg, to identify it within an Australian Bureau of Statistics (ABS) table), and the relevant currency. For ABC123, a weighting of Y_1 in the fourth quarter of the contract is listed under column Q04 of the right-side 'Weightings' table (eg, 0.050 if costs related to this index contribute 5% to all Milestone Payments occurring in this quarter). The labour index value for the contract's Base Date (L_0) might be 3.00, and by looking up the latest published labour index, the current (n '='now') index value (L_n) might be found to be 3.09.

Note that when looking for the current or 'n' value for an index, it is the value published in the 'previous quarter' (unless a monthly index series is used). This approach ensures that invoices issued early in a quarter are not delayed while waiting for an updated index to be published or needing someone to interpolate a particular index inside a quarter.

For this single labour index example, $Y_1 * L_n / L_0 = 0.050 * 3.09 / 3.00 = 0.0515$. Meaning that for labour index ABC123, which is 'worth' or 'weighted at' 5% of a Milestone Payment, the amount to be paid has increased by 3% since the Base Date. So if a Milestone was priced at \$1000 at Base Date, and this labour component was worth \$50 based on its weighting (ie, 5%), the amount of the payment has been adjusted by 3% of \$50, an extra \$1.50.

The above calculation is repeated for each labour index ($i=1$ to q) and summed together. For example, if in one quarter, for one currency, $q=3$ then there will be three labour indices (with Base Date and 'now' values) and corresponding weightings used in the calculation. A similar calculation is applied with each materials index ($k=1$ to r). If applicable, the weighting for the non-variable / non-indexed portion X is also included in the formula.

When a Milestone Payment involves different currencies, the formula is applied for the sets of indices and weightings for each applicable currency. Also note, if a Milestone Payment was to be made in two different currencies, there would have been two lines (one for each currency) for that Milestone in the Milestone Pricing Schedule.

Adjustments for other payment types.

Other worksheets contain prices for which adjustments may also be required in order to find current year values from the prices in the ACQPW and contract. These include the following worksheets:

- 'Specific Prices'
- 'Further Quantities'
- 'Cost Reimbursement'

For the above worksheets, most prices or labour rates relate to a single cost index, so instead of referring to a three monthly / quarterly period, lines in these worksheets may refer to a single index identified within the 'Adjustments' worksheet.

For example, the price for all Spares in one currency, may refer to an index in the Materials Cost Indices table. In this case the cost component or 'weighting' (Z) is 1, for 100% of the Spares purchased in that currency at the same time. The price for those Spares would be incorporated into the Contract at the price that would have applied at Base Date. This price would be increased by M_n / M_0 , where M_0 is the Base Date value for the index and M_n is the value for that index now, as published in the previous quarter.

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Note that if a contract includes Prescribed ACE Percentages, any CCP that affects price (including those CCPs that incorporate further quantities and optional extras) needs to be priced in Base Date values (not current year values) in order to accurately re-calculate the Prescribed ACE Percentages to be achieved at future ACE Measurement Points. For further information, refer to the *ACE Guide for ASDEFCON*.

Completing the Adjustments worksheet

The note to tenderers in Attachment B to the draft Contract refers to the indices preferred by FIS. Links can also be found on the FIS website:

<https://www.defence.gov.au/business-industry/procurement/policies-guidelines-templates/indices-list>

The Commonwealth drafter may identify preferred labour and materials indices for the 'Adjustments' worksheet – refer to FIS for advice. Otherwise, indices and weightings are to be inserted by tenderers.

If there are many currencies in use, and a number of labour and materials indices for each currency, then additional rows may be required. Initially, these can be displayed using the Excel® 'unhide' function. If more rows are required, they can be added to the bottom of the required table.

If different index series are required for different countries that use the same currency, then additional currency identifiers may be needed. In this case, refer to the 'Constants' worksheet (above) discussion for details.

Tenderers should add references to the applicable three-month time period (ie, Q01, Q02, Q03, etc) to the Milestones listed in the 'Milestone Pricing Schedule' worksheet.

If appropriate, tenderers may also add references to individual indices in other worksheets, for example, for specific prices, further quantities, optional extras, and for the labour rates used for Cost Reimbursement.

The *ASDEFCON (Strategic Materiel)* and *ASDEFCON (Complex Materiel) Volume 2* templates request that tender responses include appropriate indices, and (unless otherwise included in the tender requirements) allow the weightings (for each quarterly column) to be populated with the successful tenderer prior to the Effective Date.

The worksheet columns for each quarter may only display out to 39 months. Additional columns can be displayed by using the Excel® 'unhide' function, which will display columns for up to ten years. Any additional columns can be added manually.

Cost Reimbursement

Cost Reimbursement is a 'time and materials' payment method with an NTE price. It is included as an option in *ASDEFCON (Strategic Materiel)* template. Cost Reimbursement is intended for developmental (or other) activities that cannot be reasonably estimated in a tender for a firm-priced contract. Certain limits apply to the use of Cost Reimbursement Fees and the scope of the Cost Reimbursement Supplies must be defined. Refer to Attachment B of the *ASDEFCON (Strategic Materiel)* template for details.

The Commonwealth needs to define the scope of the Cost Reimbursement Supplies (the outcomes from the activity) in the SOW, which may be included as an annex. Within the 'Cost Reimbursement' worksheet, the Commonwealth may identify expected labour skills; otherwise, all skills and rates will need to be identified by tenderers.

In the lower table, the Commonwealth may adjust the threshold for which margins are applied to materials, Subcontracts and other Allowable Costs.

Tenderers need to complete the pricing information, including source currency, for any labour skill categories identified by the Commonwealth and insert all additional labour skill categories that will be required to complete the Cost Reimbursement Supplies.

The Adjustments (reference) column for labour skills should refer to a labour index in the 'Adjustments' worksheet, unless the work would be completed in the early part of the proposed contract and no price adjustment will be required.

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Tenderers need to identify the margins / mark-ups to be applied to materials, Subcontracts and other Allowable Costs in the lower table. Refer to the *CASG Cost Principles* in regards to the scope of Allowable Costs.

If the 'Cost Reimbursement' worksheet is required, tenderers will also need to include the NTE price for the Cost Reimbursement Supplies in the 'Specific Prices' worksheet.

Final checks. Tenderers, the Contractor and the Commonwealth using or referring to this worksheet should check the following, as applicable:

- Confirm that the full range of required labour skills have been identified and priced.
- Confirm that the NTE price has been included in the 'Specific Prices' worksheet.

SUPPORTING INFORMATION WORKSHEETS

Introduction

The following worksheets provide supporting information to assist the Commonwealth to understand the tenderers / contractor's pricing information contained in the 'Price Schedule' and other worksheets:

- Schedule of Margins
- Labour Rates
- Material
- Other Direct Cost

These worksheets are used by FIS to assist Commonwealth teams with cost investigation. The tables are also useful to assess any changes in price during an Offer Definition and Improvement Activities (ODIA) phase, contract negotiations, or for a CCP.

These worksheets may not be required for lower-risk contracts using the *ASDEFCON (Complex Materiel) Volume 2* template. Commonwealth drafters should seek advice from FIS as to which of these supporting information worksheets should be included in a tender. If worksheets are not required, they should be annotated as not being required and hidden, or deleted, to avoid them being completed unnecessarily. Contact FIS for advice:

FIS.feedback@defence.gov.au

Schedule of Margins

The 'Schedule of Margins' worksheet assists the Commonwealth to understand the margins applied to labour, materials and overheads identified in the 'Price Schedule' worksheet.

Note that 'Labour on-cost components' and 'Labour Overhead / Direct Overhead' should not include the same (ie, duplicate) cost components – particularly if these numbers are used for calculations in the 'Labour Rates' worksheet.

Additional guidance is included in the worksheet.

Labour Rates

The 'Labour Rates' worksheet assists the Commonwealth to understand the individual labour rates for different positions in the workforce that will be included in the labour costs in the 'Price Schedule' worksheet.

The 'positions' to be identified are applicable labour skills in a given location. This acknowledges that the same skills at different geographic locations, but within the same country, may have different rates.

Note that the 'Cost Reimbursement' worksheet, if included, may have different rates to the 'Labour Rates' worksheet, particularly for work outside of normal working hours.

Material

The 'Material' worksheet assists the Commonwealth to understand the cost of materials that are priced in the 'Price Schedule' worksheet.

Other Direct Cost

The 'Other Direct Cost' worksheet assists the Commonwealth to understand the other direct costs that are priced in the 'Price Schedule' worksheet.

PREPARING WORKSHEETS AS ANNEXES

Background

Applicable worksheets from the ACQPW are intended to be used as the source for Annexes to Attachment B of any resultant contract. Due to the dynamic nature of Excel® workbooks, the worksheets are saved in searchable Portable Document File (PDF) format, to provide a 'stable' set of controlled documents that are suitable as part of a contract.

Header Information

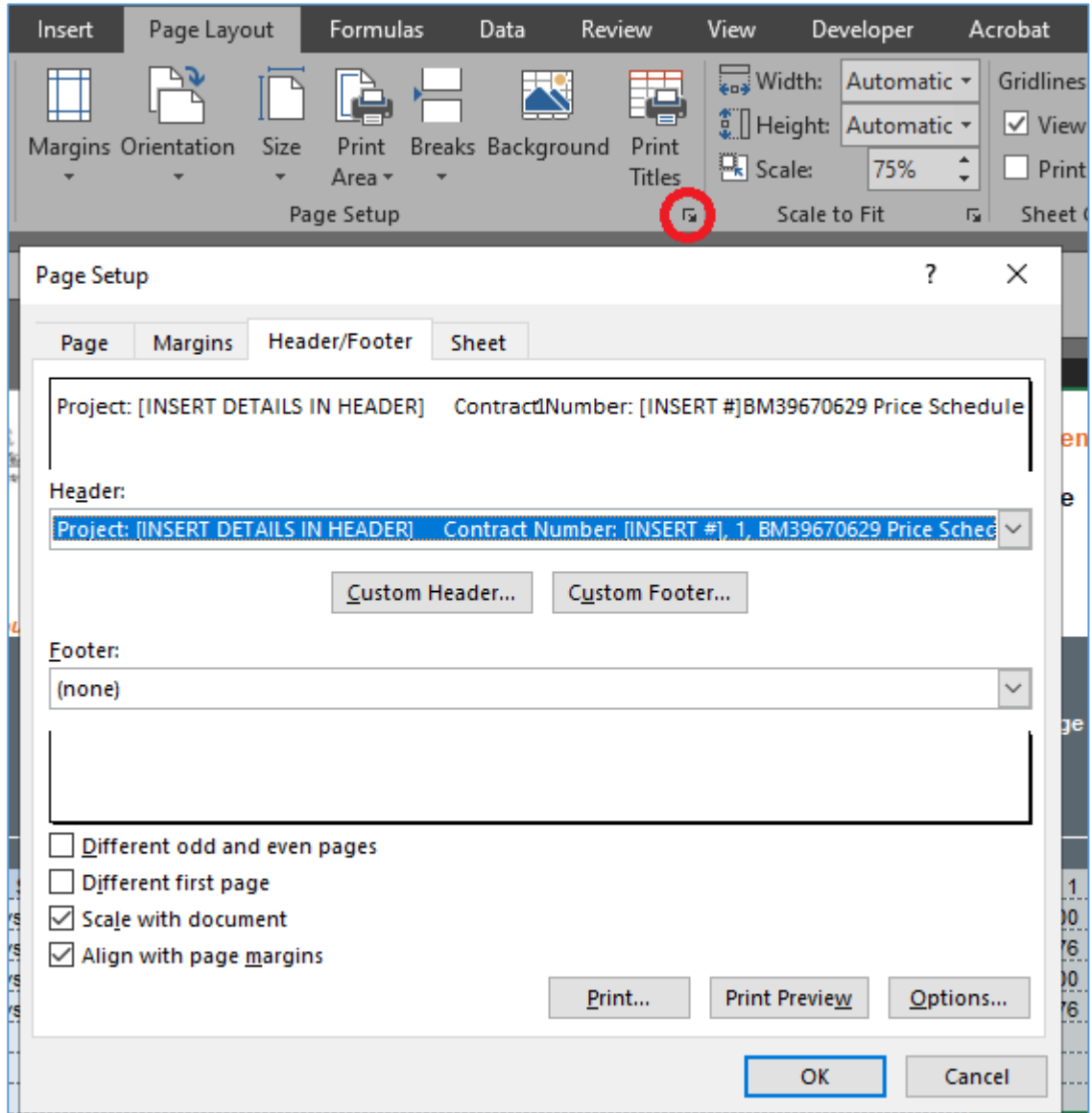
Header information, to be printed on each PDF page, should be sufficient to identify contract and document version information (ie, version numbers for CCPs) if printed.

As of the 2016 release of Microsoft Excel® the ability to reference document properties was limited and some details need to be manually inserted into the header.

Worksheet header information can be accessed from the 'Page Layout' ribbon and the 'Page Setup' group by clicking the expand icon (circled below), or by the page size or margin size options, and selected the "Header/Footer" tab.

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To edit the header, click the “Custom Header ...” button and insert details where indicated.



If the document version number is not identifiable within the file name (included using the &[FILE] property), then a version number will need to be inserted manually.

Include appropriate security classification levels in the headers and footers.

Notes on Print Areas and Page Sizes

Print areas have been set for worksheets that will form the Annexes to Attachment B. Where possible, these have been sized to exclude ‘Notes to Drafters’ but should include explanatory notes for columns (unless they are for ‘tender-only’ data). If necessary, the ‘Print Areas’ may need to be resized to capture all relevant data.

Where possible, worksheets have been sized to print to either A4 or A3-sized pages. However some worksheets with many columns, such as the ‘Price Schedule’, will span more than one page in a horizontal direction. If suitable, the page size may be increased to a larger format (eg, A2) or the print area can be scaled to fit. If scaling to fit, the resulting PDF file should still be readable if the pages are printed to paper.