PRICE AND PAYMENTS (CORE)

Note to tenderers: Attachment B will consist of an amalgamation of information in TDR D, this draft Attachment, the successful tenderer’s response, including the details tendered within the ‘Acquisition Pricing Workbook’ (ACQPW), and any negotiated changes. Further guidance on completing the ACQPW can be found in the ACQPW guide and the ACE Guide for ASDEFCON.

1. Pricing Structure
   1. Attachment B has the following structure:

*Clause page*

2 Price Schedule (CORE) 2

3 Schedule of Payments (CORE) 2

4 Adjustments (CORE) 3

5 Schedule of Specific Prices and Not-To-Exceed Prices (CORE) 5

6 Schedule of Rates (CORE) 5

7 Australian Contract Expenditure (CORE) 6

8 Schedule of Further Quantities and Optional Extras (OPTIONAL) 7

9 Cost Reimbursement (OPTIONAL) 8

10 Incentive Payments (OPTIONAL) 9

Note to drafters: Some Annexes will include a file with the appropriate pricing table, such as a PDF copy of a worksheet from the ACQPW. Update the following table for the Annexes to be included in the Contract. File names may be added prior to ED, when known. Example file names are based on the worksheet tabs within the ACQPW.

|  |  |  |
| --- | --- | --- |
| Annex | Title | File Names |
| 1. A | 1. Price Schedule (Core) | 1. *Price Schedule* |
| 1. B | 1. Schedule of Payments (Core) | 1. *Milestone Payment Schedule* |
| 1. C | 1. Adjustments (Core) | 1. *Adjustments* |
| 1. D | 1. Schedule of Specific Prices and Not-To-Exceed Prices (Core) | 1. *Specific Prices and Not-To-Exceed Prices* |
| 1. E | 1. Schedule of Rates (Core) | 1. *Schedule 1: Labour Rates; and* 2. *Schedule 2: Schedule of Margins* |
| 1. F | 1. Schedule of Further Quantities and Optional Extras (Optional) | 1. *Further Quantities* |
| 1. G | 1. Cost Reimbursement (Optional) | 1. *Cost Reimbursement;* and 2. *Schedule of Margins (Schedule 2 to Annex E)* |
| 1. H | Incentive Payments (Optional) | 1. N/A |

* + 1. For clarity, Attachment B includes the Annexes listed in clause 1.1, including electronic files (eg, PDF files of tables / spreadsheets) that are controlled documents and managed as part of the Contract.
    2. The obligations of the Commonwealth under this Attachment B are subject to the:
    3. Contractor making a claim for payment in accordance with clause 7.2 of the COC; and
    4. other provisions of the Contract.
    5. Except where expressly indicated to the contrary, the amounts set out in this Attachment B are inclusive of all costs and other payments associated with providing the Supplies (including achieving the Milestones) and carrying out all matters and doing all things necessary for the due and proper performance and completion of the Contract. This includes all licence fees, royalty payments, overseas taxes, duties and charges, Australian (Federal, State and Local Government) taxes including GST, customs and other duties and charges and arranging customs clearance and services of representatives.
    6. In the event of any inconsistency, the dates specified in the Delivery Schedule at Attachment C shall have precedence over any dates specified in this Attachment B.

Note to drafters: The ACQPW provided as part of TDR D is designed to collect information suitable for the financial assessment of tendered responses, and population of the Annexes to this Attachment for the successful tender. If the project chooses to rename the ACQPW, for example to reflect the name of the project, drafters will need to amend references in the following clauses, and notes to tenderers, accordingly. Guidance should be included in this draft Attachment or TDR D, as appropriate, to assist tenderers when responding.

1. Price Schedule (CORE)
   1. Price Schedule
      1. The Price Schedule details an indentured Contract Work Breakdown Structure (CWBS) of prices for the Contract.

Note to drafters: Prior to RFT release, drafters need to provide high-level CWBS details to enable tenderers to complete the ‘Price Schedule’ in the ACQPW. Refer to TDR D-2 for further details.

Note to tenderers: Annex A will consist of an amalgamation of the ACQPW ‘Pricing Schedule’ worksheet for the successful tenderer’s response to TDR D-2, and any negotiated changes.

* + 1. The Price Schedule is detailed in the file: (…INSERT the file name for the "Price Schedule" tab from the workbook…), and forms Annex A to this Attachment.

1. Schedule of Payments (CORE)
   1. Introduction
      1. The Schedule of Payments describes the amounts payable by the Commonwealth to the Contractor for the achievement of Milestones (INSERT THE FOLLOWING WHERE A MOBILISATION PAYMENT HAS BEEN AGREED, “and as a Mobilisation Payment”) in accordance with the Contract.
   2. Mobilisation Payment (RFT CORE)

Note to drafters: Drafters should insert a maximum percentage of the Contract Price against the Mobilisation Payment in TDR D-3.

* + 1. The amount of the Mobilisation Payment is **(INSERT AMOUNT)**.
    2. The Commonwealth shall pay to the Contractor the Mobilisation Payment upon **(INSERT CRITERIA FOR MOBILISATION PAYMENT)***.*
  1. Milestone Payment Schedule
     1. The Milestone Payment Schedule sets out the Milestones and the Milestone Payments for the Contract.

Note to drafters: Prior to RFT release drafters need to populate the ‘Milestone Payment Schedule’ worksheet of the ACQPW. Refer to TDR D-3 and the ACQPW Guide for details.

Note to tenderers: Annex B will consist of an amalgamation of the ACQPW ‘Milestone Payment Schedule’ worksheet for the successful tenderer’s response to TDR D-3, and any negotiated changes.

* + 1. The Milestone Payment Schedule is detailed in the file: (…INSERT the file name for the "Milestone Payment Schedule" tab from the workbook…), and forms Annex B to this Attachment.
    2. The Commonwealth shall, for achievement of a Milestone, pay to the Contractor the relevant Milestone Payment as specified in the ‘Milestone Payment Schedule’.
    3. The Contractor is taken to have achieved a Milestone only if all of the Milestone criteria set out in Attachment C have been satisfied.

1. Adjustments (CORE)

Note to tenderers: Clause 4, including Annex C, will consist of an amalgamation of the successful tenderer’s response to TDR D-4, including the ACQPW ‘Adjustments’ worksheet, and any negotiated changes. Agreements reached as a result of workplace enterprise bargaining are not considered to be awards for the purposes of the formula set out below.

* 1. General
     1. In this clause 4, the following interpretations apply:
        1. for the purposes of calculating adjustments, the Milestone Date is the date specified in Attachment C for the achievement of the relevant Milestone or such earlier date upon which the Milestone is achieved;
        2. references to a quarter are to a calendar quarter (January-March, April-June, July-September, and October-December);
        3. a reference to the quarter preceding the quarter containing a Milestone Date (or other event for which payment is applicable):
        4. is premised on the understanding that Contract costs are largely incurred in the prior quarter;
        5. avoids the delay (eg, of several months) for indices to be published, and the subsequent calculation and payment of the price adjustment; and
        6. ensures that the Commonwealth does not pay an adjustment for a quarter in which limited or no work has been undertaken;
        7. if the due date of the previous Milestone and the due date of the current Milestone fall within the same quarter, then the index value for the preceding quarter shall be used;
        8. subject to paragraph g and h, references to an index value for a quarter are to the index number(s) published at any time in respect of that quarter;
        9. if a source of an index series publishes provisional and final index values, index values designated as provisional shall not be used;
        10. subject to paragraph f, if a quarterly index is published more once, for the purposes of the formulae, the index value for that quarter shall be taken to be the first index value officially published in the quarter following that quarter; and
        11. if an index is discontinued, rebased or modified and the entity publishing that index provides official guidance on the replacement, bridging or re-baselining methodology to be applied, that guidance should be used as one of the inputs for determining any required update to the index, as set out in this clause 4.
  2. Adjustment Process
     1. For each currency identified in this Attachment B, the following price adjustment formula shall be applied in accordance with clause 7.3 of the conditions of contract:

where, for a particular source currency:

|  |  |
| --- | --- |
| **Ref** | **Description** |
| PA | the price adjustment, for a price in the Price and Payments schedule. |
| P | the price in the Price and Payments schedule, as applicable at Base Date. |
| X | if applicable, a fixed or non-variable component of the price (expressed as a decimal). |
| Yi | the component of the price (expressed as a decimal) that is attributed to a labour index series (Li). A labour index series tracks price variations for a labour category in a particular currency. |
| Ln | Note to drafters: If Cost Reimbursement is not used, remove the subparagraph b below and/or if a Mobilisation Payment will not be considered for the Contract, remove subparagraph c below. In either case, amend the description as appropriate.  the labour index value (number) for a labour index series (Li), which (as required by clause 4.1.1b above) is published for the quarter preceding the quarter in which:  if related to a Milestone Payment, the Milestone was scheduled to occur;  ***(OPTIONAL)*** if related to a Cost Reimbursement Payment, the due date by which the Cost Reimbursement Supplies were scheduled to be provided; or  ***(OPTIONAL)*** if related to the Mobilisation Payment, the date on which the Mobilisation Payment is made by the Commonwealth. |
| L0 | the labour index value (number) for a labour index series (Li), as published for the quarter preceding the quarter containing the Base Date. |
| Zk | the component of the price (expressed as a decimal) that is attributed to a materials index series (Mk). A materials index series tracks price variations for a category of materials in a particular currency. |
| Mn | Note to drafters: If Cost Reimbursement is not used, remove the subparagraph b below and/or if a Mobilisation Payment will not be considered for the Contract, remove subparagraph c below. In either case amend the description as appropriate.  the materials index value (number) for a materials index series (Mk), which (as required by clause 4.1.1b above) is published for the quarter preceding the quarter in which:  if related to a Milestone Payment, the Milestone was scheduled to occur;  ***(OPTIONAL)*** if related to a Cost Reimbursement Payment, the due date by which the Cost Reimbursement Supplies were scheduled to be provided; or  ***(OPTIONAL)*** if related to the Mobilisation Payment, the date on which the Mobilisation Payment is made by the Commonwealth. |
| Mo | the materials index value (number) for a materials index series (Mk), as published for the quarter preceding the quarter containing the Base Date. |
| i | is a number that identifies the labour component (Yi) and the associated labour index series (Li) in Annex C (eg, if i=1, Yi=Y1 and Li=L1). |
| q | is the number of labour indices in a price adjustment formula (eg, if q=3, there are three labour index series (Li) with three related component weightings (Yn) identified in Annex C). |
| k | is a number that identifies the materials component (Zk) and the associated materials index series (Mk) in Annex C (eg, if k=2, Zk=Z2 and Mk=M2). |
| r | is the number of materials indices in a price adjustment formula (eg, if q=2, there are two materials index series (Mk) with two related component weightings (Zk) identified in Annex C). |

and where, for each price adjustment, the sum of all components (weightings) attributed to a fixed amount, labour and materials, equals one, ie:

* 1. Indices
     1. The Australian and international indices for the labour and materials components of the prices for the Contract are detailed in the file: **(…INSERT the file name for the “Adjustments” tab from the workbook…)**, and forms Annex C to this Attachment.

Note to tenderers:

Note 1: For labour costs incurred in Australia, the only input based (cost of labour) index acceptable to the Commonwealth is ABS catalogue ‘Wage Price Index’ – Table 9B.

Note 2: For labour costs incurred overseas, the labour index must be an appropriate index published by an agency of the relevant Government.

Note 3: For the Australian materials component, ABS catalogue ‘Producer Price Indexes, Australia’ – Table 12 should be utilised.

Note 4: For the imported materials component, the index must be appropriate and published by an agency of the relevant Government.

1. Schedule of Specific Prices and Not-To-Exceed Prices (CORE)

Note to drafters: Prior to RFT release drafters need to populate the ‘Specific Prices’ worksheet of the ACQPW. Refer to TDR D-5 for details.

Note to tenderers: Annex D will consist of an amalgamation of the ACQPW ‘Specific Prices’ worksheet for the successful tenderer’s response to TDR D-5, and any negotiated changes. Only those tendered specific prices that are relevant to any negotiated resultant Contract will transfer into the ‘contract version’ of the ACQPW and Annex D for that resultant Contract.

* + 1. The Schedule of Specific Prices and Not-To-Exceed Prices is detailed in the file: **(…INSERT the file name for the 'Specific Prices' tab from the workbook…)**, and forms Annex D to this Attachment.

Note: When the required range and quantities of Spares, S&TE, Training Equipment and Special-to-Type Packaging have been determined and agreed, the Approved recommended provisioning lists for these Support Resources will be added to Annex A to Attachment B to the COC, and the Contract Price and relevant Milestone Payments (including ACE percentages) will be adjusted accordingly, through a CCP. The prices for all Spares, Training Equipment, S&TE and Special-to-Type Packaging to be purchased by the Commonwealth is not expected to exceed the tendered NTE price for the respective category. Prices for other Support Resources, not subject to NTE prices, are included within the Contract Price.

1. Schedule of Rates (CORE)

Note to tenderers: Annex E will consist of an amalgamation of the ACQPW ‘Schedule of Rates’ and ‘Labour Pricing’ worksheets for the successful tenderer’s response to TDR D-6, and any negotiated changes.

* 1. Labour Rates and Margins
     1. The Schedule of Labour Rates for the Contract is detailed in the file: **(…INSERT the file name for the 'Labour Rates' tab from the workbook…)**, and forms Schedule 1 to Annex E to this Attachment.
     2. The Schedule of Margins for the Contract is detailed in the file: **(…INSERT the file name for the 'Schedule of Margins' tab from the workbook…)**, and forms Schedule 2 to Annex E to this Attachment.
     3. The labour rates and margins that shall be applied by the Contractor (and Approved Subcontractors) in all CCPs under the Contract are detailed in the Schedule of Labour Rates and the Schedule of Margins.
     4. Subject to clause 11.1.6 of the COC, the labour rates and margins that shall be applied by the Contractor (and Approved Subcontractors) for the cost of preparation of all CCPs under the Contract are detailed in the Schedule of Labour Rates and the Schedule of Margins.

1. Australian Contract Expenditure (CORE)
   1. Australian Contract Expenditure Amounts

Note to tenderers: Tenderers are not required to submit a response for Table B-1 (below). However, the preferred tenderer will be required to determine the planned ACE and planned ICE (as cumulative values from ED), and a calculated ACE Percentage, for each ACE Measurement Point, to be included in any resultant Contract.

The calculated ACE percentages will usually represent the maximum value for the Prescribed ACE Percentages, to be included in Attachment F of any resultant Contract. After ED, the planned ACE and planned ICE should provide a basis for quantifying appropriate changes to Prescribed ACE Percentages that result from CCPs.

The planned ACE and planned ICE will be expected to include (but not be limited to) the payments up until the applicable Milestone in the ACQPW (submitted as part of the preferred tenderer’s response to TDR D).

* + 1. Table B-1 identifies, for each ACE Measurement Point (column a), the planned Australian Contract Expenditure (ACE) (column b) and the planned Imported Contract Expenditure (ICE) (column c), on a cumulative basis (ie, from ED to each ACE Measurement Point) consistent with Annex A (Price Schedule) and Annex B (Milestone Payment Schedule) to this Attachment B.
    2. Table B-1 also identifies a calculated ACE percentage (column d), for each ACE Measurement Point, determined in accordance with the following formula:
    3. Prescribed ACE Percentages, included at Attachment F as AIC Obligations, shall be based on the corresponding calculated ACE percentages in Table B-1.

Note: The Prescribed ACE Percentage may be different to the calculated ACE percentage.

* + 1. For each CCP prepared in accordance with clause 11.1 of the COC that affects the planned ACE and/or planned ICE values in Table B-1, the Contractor shall prepare, as part of the CCP, changes to Table B-1 and, when applicable, changes to the Prescribed ACE Percentages under clause 4 of Attachment F.

Note to drafters: Enter the ACE Measurement Points into Table B-1. These should match the ACE Measurement Points worksheet in draft Attachment F.

Table B-1: ACE Measurement Points and calculated ACE percentages

|  |  |  |  |
| --- | --- | --- | --- |
| ACE Measurement Point (in accordance with Attachment F) (a) | Planned ACE ($) (b) | Planned ICE ($) (c) | Calculated ACE%  (d) |
|  |  |  | 1. ( )% |
|  |  |  | 1. ( )% |
|  |  |  | 1. ( )% |
|  |  |  | 1. ( )% |

* 1. Alternate and Additional Deeming Rates (RFT Core)

Note to drafters: Table B-2 may be pre-populated by the drafter with alternative and/or additional deeming rates, prior to tendering, when the Commonwealth considers that deeming rates other than those listed in the ACE Measurement Rules should be applied to the proposed Contract.

Note to tenderers: The Commonwealth will consider deeming rates other than those listed in the ACE Measurement Rules for the proposed Contract. Table B-2 will consist of the successful tenderer’s response to TDR D-11, and any negotiated changes.

* + 1. Table B-2 below specifies alternate or additional Subcontract categories, thresholds and deemed ACE and ICE percentages for the purposes of the application of this paragraph 3 of the ACE Measurement Rules.

Table B-2: Approved Alternate and Additional Deeming Rates

| Nature of cost category / Subcontractor work | Applicable Threshold (GST exclusive) | Deemed Australian Contract Expenditure and Imported Contract Expenditure | |
| --- | --- | --- | --- |
| Australian Contract Expenditure | Imported Contract Expenditure |
| 1. (…INSERT description...) | 1. (…INSERT threshold value...) | 1. (…INSERT %...) | 1. (…INSERT %...) |
| 1. (…INSERT description...) | 1. (…INSERT threshold value...) | 1. (…INSERT %...) | 1. (…INSERT %...) |

* + 1. The parties acknowledge and agree that, in accordance with paragraph 4 of the ACE Measurement Rules, alternate deeming rates for indirect costs (including overhead and general and administrative costs) for the Contractor and specified Subcontractors shall be applied as follows:

Table B-3: Approved Alternate Deeming Rates for Indirect Costs

|  |  |  |
| --- | --- | --- |
| Entity Name | Deemed ACE percentage | Deemed ICE% percentage |
| 1. (… INSERT CONTRACTOR NAME …) | 1. (…INSERT %...) | 1. (…INSERT %...) |
| 1. (… INSERT SUBCONTRACTOR NAME …) | 1. (…INSERT %...) | 1. (…INSERT %...) |
|  |  |  |

* + 1. Upon notification by Defence’s Commercial and Financial Analysis (CFA) Directorate, that CFA has confirmed different alternate or additional deeming rates for the Contractor or a Subcontractor, the Contractor shall, within 20 Working Days, submit a CCP in accordance with clause 11.1 of the COC, to update Table B-2 or B-3 (as appropriate) to incorporate the new alternate or additional deeming rates.

1. Schedule of Further Quantities and Optional Extras (OPTIONAL)

Note to drafters: Prior to release of the RFT, drafters are to identify the potential further quantities and optional extras that may be included in any resultant Contract (noting that other options may be proposed by tenders). Drafters should refer to the 'Further Quantities" worksheet of the ACQPW and, where known insert:

1. a brief description of the additional quantities of Supplies and/or optional extras that the Commonwealth may require;
2. the quantity required; and
3. the proposed delivery points (to be included in the comments column).

Drafters should define an appropriate scope for the addition or option; for example, by requesting an additional ‘Mission System’ and a ‘Support Resource package per additional Mission System’.

Note to tenderers: Annex F will consist of an amalgamation of the ACQPW 'Further Quantities’ worksheet for the successful tenderer’s response to TDR D-12, and any negotiated adjustments.

* 1. Further Quantities and Optional Extras
     1. The Schedule of Further Quantities and Optional Extras for the Contract is detailed in the file: **(…INSERT the file name for the 'Further Quantities' tab from the workbook…)**, and forms Annex F to this Attachment.

1. Cost Reimbursement (OPTIONAL)

Note to Drafters: Cost Reimbursement Payments for Cost Reimbursement Supplies may be included when the Commonwealth wishes to allow part of the Contract to be paid on a reimbursement basis rather than firm-priced basis. For example, for a high-risk development activity that is difficult to scope and price. Even though the scope of such an activity cannot be accurately defined, its boundaries need to be defined to avoid overlap with firm-priced elements of the draft Contract. Accordingly, this may be scoped as a development task in an Annex to the SOW, or otherwise defined, and drafters should amend the note to tenderers appropriately.

Note to tenderers: Annex G will consist of an amalgamation of the ACQPW ‘Cost Reimbursement’ worksheet for the successful tenderer’s response to TDR D-13, and any negotiated changes.

* 1. Introduction
     1. This clause 9 describes the amounts payable by the Commonwealth to the Contractor for Cost Reimbursement Payments in accordance with the Contract.

Note to drafter: If the proposed Contract will include two or more discrete activities as Cost Reimbursement Supplies, then the following clause should be amended to identify each activity and a separate maximum amount payable for each activity.

* + 1. The maximum amount payable by the Commonwealth as Cost Reimbursement Payments in accordance with clause 7.8 of the COC (inclusive of margins and mark-ups, as applicable) shall not exceed **[...INSERT AMOUNT IN DOLLARS...]** (Base Date).
  1. Labour Costs
     1. The Schedule of Labour Rates to be applied by the Contractor and Approved Subcontractors, for Cost Reimbursement Payments under the Contract, is detailed in the file: **(…INSERT the file name for the 'Cost Reimbursement' tab from the workbook…)**, which forms Annex G to this Attachment.
  2. Direct Material
     1. Direct materials include the raw materials, goods, Consumables, small plant, tools, other items, and associated costs as defined in the CASG Cost Principles, which are purchased for the provision of the Cost Reimbursement Supplies.
     2. The direct material costs to be reimbursed in accordance with clause 7.8 of the COC shall be based on the following principles:
        1. the material is required for the Cost Reimbursement Supplies;
        2. the costs claimed are supported by a properly initiated and approved requisition in accordance with the Contractor’s purchasing system; and
        3. the materials have been purchased by the Contractor at a reasonable market price.
     3. The mark-ups to be applied to direct materials, to be paid as Cost Reimbursement Payments under the Contract, are detailed in the file: **(…INSERT the file name for the 'Cost Reimbursement' tab from the workbook…)**, which forms Annex G to this Attachment.
     4. The Contractor shall ensure that all discounts and rebates obtained in relation to Cost Reimbursement Supplies shall be applied to the direct material costs including annual or company discounts from suppliers, bulk discounts, and company/inter-company discounts and rebates.
  3. Subcontract Services
     1. Costs for Subcontract services, eligible to be reimbursed in accordance with clause 7.8 of the COC, shall be directly traceable to the provision of the Cost Reimbursement Supplies.
     2. Subcontract services to be reimbursed in accordance with clause 7.8 of the COC shall include:
        1. contract services, equipment hire and utilities provided by outside sources;
        2. professional consultant services or contract services of technical personnel directly engaged by the Contractor who are not officers or employees of the Contractor; and
        3. any other Subcontract services applicable to the Cost Reimbursement Supplies that are defined as ‘sub-contract costs’ in the CASG Cost Principles.
     3. The mark-ups to be applied to Subcontract services, to be paid as Cost Reimbursement Payments under the Contract, are detailed in the file: **(…INSERT the file name for the 'Cost Reimbursement' tab from the workbook…)**, which forms Annex G to this Attachment.
  4. Direct Expenses
     1. Direct expenses are costs incurred other than direct labour, direct material or Subcontract services that:
        1. are directly traceable to the provision of the Cost Reimbursement Supplies; and
        2. can be charged directly for the Cost Reimbursement Supplies in accordance with appropriate accounting principles, appropriate for those Supplies.
     2. Direct expenses to be reimbursed in accordance with clause 7.8 of the COC shall include:
        1. transportation, where the Contractor has ensured that transportation requirements for the Cost Reimbursement Supplies are optimised to minimise overall costs and achieve the required schedule;
        2. the use and service of facilities, off-site plant and equipment, other than GFM, at rates agreed by the parties; and
        3. site accommodation and miscellaneous facilities including establishment, maintenance and operations of any site accommodation, warehouse and other facilities, other than GFM; and
        4. any other expenses applicable to the Cost Reimbursement Supplies that are defined as a ‘direct expense’ in the CASG Cost Principles.
     3. The margins to be applied to direct expenses shall be as specified in the Schedule of Margins at Schedule 2 to Annex E to this Attachment (refer to clause 6 above), or as otherwise agreed by the Commonwealth in writing.
  5. Other

Note to tenderers: This may include costs that have been incurred both in relation to Cost Reimbursement Supplies and the performance of other work, whether under the Contract or not, to be allocated on a pro-rata basis.

* + 1. Any other cost that the Commonwealth Representative agrees, in writing, is a reimbursement cost.

1. Incentive Payments (OPTIONAL)

Note to drafters: The Commonwealth’s preferred assessment periods, key performance indicators and weightings (if any) need to be included below, before release of the RFT.

Note to tenderers: This clause will consist of an amalgamation of the incentive payment aspects in TDR D-14, the successful tenderer’s response and any negotiated changes.