PERFORMANCE ASSESSMENT (Core)

Note to drafters: If the Outcomes required for developing KPIs and Performance Payments are changing or otherwise not sufficiently defined, contact the PBC Directorate ([PBC.enquiry@defence.gov.au](mailto:PBC.enquiry@defence.gov.au)) for assistance with an alternative management framework.

Note to tenderers: Attachment P (and the related Annex C to Attachment B) will consist of an amalgamation of this draft Attachment and the successful tenderer’s response.

PERFORMANCE ASSESSMENT (Core) 1

1 Overview of Performance Assessment 2

2 Key Features of the Performance Assessment Process 2

ANNEX A – KEY PERFORMANCE INDICATORS 1

1 Introduction (Core) 1

2 Outcomes and KPI Information (Core) 1

3 KPI-01: [INSERT KPI NAME] 4

4 KPI-02: [INSERT KPI NAME] 7

5 KPI-03: [INSERT KPI NAME] 10

6 KPI-04: [INSERT KPI NAME] 10

7 KPI-05: [INSERT KPI NAME] 10

ANNEX B – PERFORMANCE IMPLEMENTATION PERIOD 1

1 Introduction (Core) 1

2 KPI-01: [INSERT KPI NAME] (Core) 1

3 KPI-02: [INSERT KPI NAME] (Optional) 3

1. Overview of Performance Assessment
   1. Scope (Core)
      1. This Attachment P defines the performance assessment process, which is used to measure and assess the Contractor's performance against the Outcomes required by the Commonwealth.
   2. Performance Assessment and Performance Management – For Information Only
      1. This clause 1.2 provides an overview of the performance assessment process within this Attachment P, a key element of the performance management framework for the Contract.
      2. The Contractor's performance is assessed, in accordance with this Attachment P, through the use of Key Performance Indicators (KPIs). KPIs are Performance Measures that affect the Contractor's entitlement to Performance Payments calculated under Annex C to Attachment B.
      3. Within this Attachment P:
         1. Clause 2 describes the key features of the performance assessment process, including the KPIs, the assessment methodology, the nature of related calculations, and the management of instances of missing data;

Note to drafters: If the Contract will not have event-based KPIs (see example in KPI-02) then “or Event Performance Rating (EPR), as applicable” should be deleted from the clause below.

* + - 1. Annex A specifies the KPIs against which the Contractor’s performance will be assessed. Annex A contains the methodology used to determine the Achieved Performance **[or Event Performance Rating (EPR), as applicable]**, the Performance Band and the Adjusted Performance Score (APS) for each KPI; and
      2. If a Performance Implementation Period (PIP) applies to the Contract, Annex B describes the interim performance assessment processes that apply to KPIs as the performance management framework is progressively implemented. Related changes to the Performance Payment calculations are defined in Annex C to Attachment B.
    1. In addition to this Attachment P, the following parts of the Contract contain components of the performance management framework:
       1. the COC, in particular clause 6, contains provisions for performance management;
       2. the COC, in particular clause 7, contains provisions for Performance Payments and adjustments to KPIs;
       3. Annex C to Attachment B details the method of calculation for Performance Payments (using the APSs for KPIs determined under Annex A);
       4. Attachment Q defines the Other Performance Measures (OPMs), which may be used to validate KPIs and/or invoke other rewards and remedies under the Contract;
       5. the SOW, in particular clause 3.4, contains the Commonwealth’s and the Contractor's obligations to participate in performance reviews and the associated reports that provide information relevant to those reviews; and
       6. the SOW, in particular clause 3.2.5, details the Performance Measurement activities, including tools and data access arrangements that are relevant to the assessment of the Contractor’s performance against KPIs.

1. Key Features of the Performance Assessment Process
   1. Required Outcomes and KPIs (Core)
      1. The performance assessment process is designed to measure the extent to which the Contractor's performance has contributed to the achievement of the Outcomes.

Note to drafters: If the Contract will not include a PIP then delete “Subject to clause 2.1.3,” from the following clause and do not include optional clause 2.1.3.

* + 1. **[Subject to clause 2.1.3],** the Contractor’s performance is assessed using the KPIs and the methodology specified in Annex A.

|  |
| --- |
| Option: Include the following clause with a PIP will be included in the Contract.   * + 1. During the PIP, the KPIs and associated performance curves, APS and Performance Bands, shall be subject to the PIP modifications set out in Annex B. |

* 1. Review Periods (Core)
     1. The Contractor's performance against each KPI shall be measured for each Review Period.

Note to drafters: If the first Review Period does not commence on the Operative Date, amend the following clause accordingly. Ensure that any change here is aligned with the PIP in Annex B and associated Performance Payment clauses in Annex C to Attachment B.

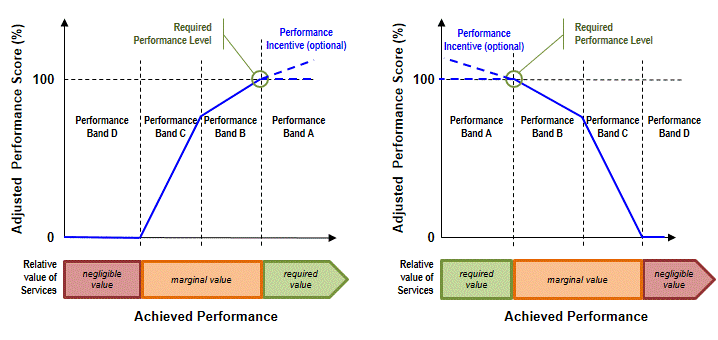
* + 1. The first Review Period for each KPI shall begin on the Operative Date and continue for the duration specified for that KPI in Annex A.
    2. Each subsequent Review Period for a KPI commences after the end of the previous Review Period and continues for the duration specified for that KPI in Annex A.
  1. Contractor’s Performance and the Adjusted Performance Score (Core)
     1. The Contractor's performance against each KPI for each Review Period shall be:
        1. assessed using validated measurement data and the methodology set out in Annex A; and
        2. used to determine the Performance Band and APS in accordance with Annex A.
  2. Performance Bands (Core)
     1. The Achieved Performance for each KPI will fall into one of four Performance Bands depicted in Figure P-1 (as shown along the horizontal-axis).

Figure P-1: Example Performance Bands and Performance Curves

* + 1. A performance curve crossing each Performance Band is used:
       1. for ‘standard’ KPIs, to convert the Achieved Performance into a percentage value that is the APS (as shown in Figure P-1), and
       2. for ‘event-based’ KPIs, to convert the performance results for a single event into a percentage value that is the EPR for that event.
    2. The formulae for the performance curve within each Performance Band for each KPI are set out in Annex A.
    3. The Performance Bands and performance curves shown in Figure P-1, used in relation to the calculation of an APS, are described as follows:
       1. **Performance Band A.** This band represents levels of performance that equals or exceeds the Required Performance Level for the respective KPI. Where over-performance is of sufficient value to the Commonwealth, in regards to the required Outcomes, the Contract may specify a Performance Incentive to be included in the Performance Payment; otherwise, the APS is set to 100%.
       2. **Performance Band B.** This band represents levels of performance that are slightly less than the Required Performance Level set by the Commonwealth. This band allows for minor variations in results, which are considered to have a small, but tangible, impact on the value of the Services provided to the Commonwealth. The slope of the performance curve discourages performance that falls below the Required Performance Level.
       3. **Performance Band C.** This band represents levels of performance that may be tolerable for a short term but unsatisfactory in the medium or longer term because of the diminished value of the Services. Performance in this band is strongly discouraged by the Commonwealth. When the Contractor’s performance in respect of any KPI is in this band, the slope of the performance curve will cause the APS to reduce rapidly. The Contractor may also incur other remedies under the Contract for performance results falling within this band.
       4. **Performance Band D.** This band represents levels of performance where the value of the Services delivered is considered to be negligible because the Commonwealth’s ability to attain the required Outcomes are significantly affected. For performance in Performance Band D the APS is set to 0%. The Contractor may also incur other remedies under the Contract for performance results falling within this band.
  1. Missing Data (Core)
     1. If, in respect of a day:
        1. the normal data source is a Commonwealth information system (eg, Military Integrated Logistics Information System (MILIS)) and it is/was unavailable for the period when parameters or other measurement data required for the calculation of the Contractor’s performance for that day is/was required to be extracted; and
        2. the missing data is unable to be provided by either party from an alternate data source that is acceptable to the Commonwealth Representative,

then the Contractor may seek performance relief, in accordance with clause 6.4 of the COC, for that day.

* + 1. Subject to clause 2.5.1:
       1. if a particular parameter or measurement data is required for the calculation of the Contractor’s performance in relation to a KPI in accordance with Annex A; and
       2. the Contractor is unable to obtain or determine that parameter or measurement data using the method specified in Annex A and the Approved Support Performance Measurement Plan (SPMP),

then the value of that parameter or measurement data for that day shall be, in descending order of precedence:

* + - 1. as obtained or determined by the Commonwealth Representative by either:
         1. the method or data source, if sourced from Commonwealth systems, normally used to obtain or determine the parameter or measurement data in accordance with Annex A; or
         2. an alternative method or data source that is reasonable and acceptable to the Commonwealth Representative;
      2. as obtained or determined by the Contractor using an alternate method or data source that is reasonable and acceptable to the Commonwealth Representative; or
      3. the worst-case score possible for that day (eg, 0 (zero) or 0%).

ANNEX A – KEY PERFORMANCE INDICATORS

1. Introduction (Core)
   1. Purpose (Core)
      1. This Annex A is used to define:
         1. the KPIs used in the performance assessment process; and
         2. the methodology for determining the Performance Band and APS for each KPI for each Review Period.
2. Outcomes and KPI Information (Core)
   1. Context – For Information Only

Note to drafters: In some cases it is beneficial to describe the Outcomes, the contributions made by the Services, and how the KPIs relate to them (eg, the rationale for why particular KPIs are used). The description should not duplicate the description of the KPIs in subsequent clauses but should provide context. The description must not place obligations on the Contractor (ie, it is for information purposes only), as these would duplicate or conflict with subsequent clauses, but may refer to more detailed references available to tenderers. Drafters must ensure that, when referring to operational outcomes, the description is compliant with the security classification of Attachment P.

* + 1. **[INSERT DESCRIPTION OF CONTEXT AND REFERENCES]**
  1. KPIs and traceability to Outcomes

Note to drafters: With respect to Table P‑1:

Insert Outcomes and contributing outcomes to the first two columns. Cells should be merged (or un-merged) to illustrate how contributory outcomes combine to enable the high-level Outcomes.

The Outcomes in column (a) should be consistent with the SOW purpose (clause 1.1 of the SOW), COC objectives (clause 1.3 to the COC) and, when applicable, Materiel Sustainment Agreement Product Schedules describing the relevant Capability Manager’s needs. Outcomes are likely to be dependent on one or more Contractor inputs and other (eg, Commonwealth) inputs; hence, contributory outcomes in column (b) should identify how the Services contribute to those Outcomes.

The KPI names are inserted in column (c). To ensure consistency, KPI names in the table are made from bookmarks in the template. To insert additional KPIs: Highlight the “KPI-0X” and KPI name for the heading for each KPI (eg, clause 3, 4, etc), and insert a bookmark (eg, named “KPI0X”). Then insert a cross-reference to the bookmark in the table below using “Insert Reference to:” option set to “Bookmark Text”.

Rows may be deleted or added for the number of KPIs. There is no rule for an optimal number of KPIs as requirements will vary with scope and complexity; however, more than 3-5 KPIs can reduce the incentivising power of individual KPIs. Too many KPIs can also increase the overheads to both parties for limited or no benefit.

Column (d) specifies the Required Performance Level for each KPI. If the Required Performance Level is static (does not vary), insert the Required Performance Level expressed as a level of the Contractor’s performance. If the Required Performance Level is time variant (eg, changes with a deeper maintenance cycle), then refer to the PPBC Guide for ASDEFCON (Support) V4.0 (hereafter the “PPBC Guide”).

Column (e) requires the duration of the Review Period for each KPI to be inserted.

Refer to the PPBC Guide for further guidance.

* + 1. Significant attributes for each KPI are summarised in Table P‑1. An explanation of each column is detailed below:
       1. Outcome: The desired resultant effect on a Defence Capability that is an objective of, and enabled through, the Services.
       2. Contributory Outcome: The contribution that a particular Service or group of Services provide to enable an Outcome to be achieved. An Outcome may require more than one contributory outcome.
       3. KPI: The Performance Measure used to determine the extent to which the Contractor achieves a contributory outcome.

Note to drafters: If the Contract will not have event-based KPIs (see example in KPI-02) the following should be deleted “or performance for an individual event (as applicable)” from the clause below.

* + - 1. Required Performance Level: The specified minimum level of Achieved Performance or performance for an individual event (as applicable), as measured by the KPI for the Review Period, to deliver the contributory outcome.
      2. Review Period: The duration over which the performance against the KPI is measured and assessed. Refer to clause 2.2 of this Attachment P.

Note to drafters: Insert the “[KPI NAME] below to enable the KPI name fields throughout Attachment P to be updated (by using “F9” on each applicable field).

Table P‑1: Required Outcomes and KPIs

| Outcome | Contributory Outcome | KPI | Required Performance Level | Review Period |
| --- | --- | --- | --- | --- |
| (a) | (b) | (c) | (d) | (e) |
| 1. **[INSERT OUTCOME]** | 1. **[INSERT CONTRIBUTORY OUTCOME]** | 1. KPI-01: [INSERT KPI NAME] |  |  |
|  | 1. **[INSERT CONTRIBUTORY OUTCOME]** | 1. **KPI-02: [INSERT KPI NAME]** |  |  |
|  | 1. **[INSERT CONTRIBUTORY OUTCOME]** | 1. **KPI-03: [INSERT KPI NAME]** |  |  |
| 1. **[INSERT OUTCOME]** | 1. **[INSERT CONTRIBUTORY OUTCOME]** | 1. **KPI-04: [INSERT KPI NAME]** |  |  |
| 1. **[INSERT OUTCOME]** | 1. **[INSERT CONTRIBUTORY OUTCOME]** | 1. **KPI-05: [INSERT KPI NAME]** |  |  |

Note to drafters: The following clauses are intended to promote consistency when describing the measurement of Contractor performance. Refer to the PPBC Guide for further guidance. While drafters can insert / replace clauses to suit the particular KPI required for their Contract, the need for changes should be critically examined. Drafters should seek specialist advice from the PBC Centre of Excellence (PBC CoE) via [PBC.Enquiry@defence.gov.au](mailto:PBC.Enquiry@defence.gov.au).

Annex A provides two examples when drafting a KPI, as follows:

* Example A (‘standard’ KPIs) – For when an APS is calculated from the Achieved Performance for a KPI (determined as an average or other measure of all events or activities during the Review Period). Example A is to be used when large numbers of events or activities occur during a Review Period (eg, greater than 20) providing a statistically valid representation of the Contractor’s performance. Example A is illustrated in KPI-01.
* Example B (‘event-based’ KPIs) – For when an EPR is calculated for each event or the completion of an activity during the Review Period. The APS is then calculated as the average of the EPRs for all events being completed within the Review Period. Example B is used when there are small numbers of events or completed activities during the Review Period. Example B is illustrated in KPI-02.

Draft clauses, for both Examples A and B, do not include formula that would result in Performance Incentives (ie, from an APS (or EPR) that is greater than 100%). If it is considered that added performance will deliver tangible benefits to the Commonwealth and a Performance Incentive will be offered to encourage this outcome, a formula resulting in an APS of greater than 100% is required and drafters should seek guidance from the PBC CoE.

Draft clauses, for both Examples A and B, have value of the APS (or EPR) at the boundary between Performance Bands B and C set at 80%. This is shown in the ‘Adjusted Performance Score Formulae’ (or ‘Event Performance Rating Formulae’) tables and performance curve figures (as point ‘b’). Where the drafter considers that an APS (or EPR) value of 80% at point ‘b’ does not represent an appropriate shape for the performance curve, they should seek guidance from the PBC CoE.

APS (and EPR) calculations can be undertaken with a performance curve that represents:

* where a numerically HIGHER Achieved Performance (or event-based performance result, if applicable) results in a HIGHER APS (or EPR) (eg, ‘availability’, where more is better); or
* where a numerically LOWER Achieved Performance (or event-based performance result, if applicable) results in a HIGHER APS (or EPR) (eg, ‘delay times’, where less is better).

Draft clauses for KPI-01 are an example of numerically higher performance result that will result in a higher APS. Draft clauses for KPI-02 are an example of numerically lower event-based performance (eg, less delay) that will result in a higher APS. The drafter should ensure that the performance curve formulae match the KPI (ie, where more / less is better), and also replace the figures to reflect the formula and the points a, b and c. Refer to the PPBC Guide for Performance Band boundaries and an explanation of APS formulae.

Note to drafters: KPI-01 is a draft set of clauses for “Example A” in the preceding (large) note to drafters – when an APS calculated from the Contractor’s performance, for a KPI, is based on an average (or other calculation) inclusive of all relevant events or activities during the Review Period.

1. KPI-01: [INSERT KPI NAME]
   1. KPI Explanation (Core)

Note to drafters: Insert the description of the KPI into the following clause. The description should reflect the Outcomes in Table P‑1. In some cases a timeframe may apply to the KPI and Outcome (eg, for a weekly or monthly operating program), in other cases a specific timeframe need not be specified (eg, ICT System availability). Refer to the PPBC Guide for further guidance.

* + 1. KPI-01: **[INSERT KPI NAME]** is a measure of the Contractor’s performance **[INSERT DESCRIPTION]**.
    2. For KPI-01:
       1. the performance result for each **[INSERT DESCRIPTION OF EVENT]** shall be determined in accordance with clause 3.2;
       2. the Achieved Performance for the Review Period shall be calculated in accordance with clause 3.3;
       3. the APS for the Review Period shall be calculated in accordance with clause 3.4; and
       4. the Performance Band for the Review Period shall be determined in accordance with clause 3.4.
  1. Performance Results for KPI-01 (Core)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Option A: For when one or more formulae are considered necessary to express how KPI‑01 will be calculated.   * + 1. Subject to clause 3.2.3, the Contractor’s performance against KPI-01 shall be calculated using the following formula:   Note to drafters: Insert an appropriate formula, followed by definitions for the factors used in the formula. For example, if a measurement needs to be made at a set time each day, or for a set period (eg, business hours), then these requirements need to be included. If individual factors associated with a KPI need to be measured differently, then this should be set out also. If this is not possible, a clear explanation should be provided. Refer to the PPBC Guide for further guidance.  At clause 3.2.3 amend clause cross-reference accordingly.  KPI-01 = **[INSERT FORMULA eg, (1 – (A + B)) x 100%]**  where:   |  |  | | --- | --- | | 1. **[INSERT FACTOR] =** | 1. **[INSERT DEFINITION]** | | 1. **[INSERT FACTOR] =** | 1. **[INSERT DEFINITION]** | | 1. **[INSERT FACTOR] =** | 1. **[INSERT DEFINITION]** | |

|  |
| --- |
| Option B: For when formulae are not required but parameters or other measurement data are needed to determine the results for KPI-01 (eg, a count of events or activities per period).  At clause 3.2.3 amend clause cross-reference accordingly.   * + 1. Subject to clause 3.2.3, the Contractor’s performance against KPI-01 shall be determined from the following parameters / measurement data / business rules:        1. **[INSERT PARAMETER / FACTOR / RULE]**; and        2. **[INSERT PARAMETER / FACTOR / RULE]**. |

Note to drafters: Consider including additional details, if required, to identify explicit inclusions, exclusions, or changes to the KPI. For example, “X is to be excluded from the measurement of factor Y” or “This KPI is increased by Z% for defined periods of Surge”. Refer to the PPBC Guide for further guidance.

* + 1. For clause **[3.2.1 / 3.2.2]**, when obtaining the parameters and measurement data used to determine the Contractor’s performance against KPI-01 the following conditions shall apply:

* + - 1. **[INSERT INCLUSION, EXCLUSION OR OTHER CONDITION]**; and
      2. **[INSERT INCLUSION, EXCLUSION OR OTHER CONDITION]**.

Note to drafters: Include the Option below if it is necessary to identify the source of the factors / Performance Measures used to calculate this KPI. Delete the option if not required (ie, the Contractor will define the source of data in its SPMP).

|  |
| --- |
| Option: For Performance Measures sourced from multiple / other sources.   * + 1. Performance Measures, used in the calculation of performance results for KPI-01, shall be sourced, as follows:        1. from the **[INSERT NAME OF INFORMATION MANAGEMENT SYSTEM]**:           1. **[INSERT PERFORMANCE MEASURE]**;           2. **[INSERT PERFORMANCE MEASURE]**;        2. from the **[INSERT NAME OF COLLECTION TOOL]**:           1. **[INSERT PERFORMANCE MEASURE]**; and           2. **[INSERT PERFORMANCE MEASURE]**; and        3. all other factors, in accordance with the Approved SPMP. |

* 1. Calculating the Achieved Performance for KPI-01 (Core)

Note to drafters: The Achieved Performance must be determined over the duration of a Review Period even when a KPI is measured and results are reported (in the SSVM) over a shorter timeframe.

* + 1. The Contractor’s Achieved Performance for KPI-01 shall be calculated as an overall result for this KPI for the Review Period in accordance with the following formula:

Note to drafters: Insert an appropriate formula, followed by the definitions for the factors used in the formula. For example, A may be the sum of daily KPI results and B the number of days per Review period. Refer to the PPBC Guide for further guidance.

Achieved Performance (KPI-01) = **[INSERT FORMULA eg, A / B x 100%]**

where:

|  |  |
| --- | --- |
| 1. **[INSERT FACTOR]** = | 1. **[INSERT DEFINITION]** |
| 1. **[INSERT FACTOR]** = | 1. **[INSERT DEFINITION]** |

* 1. Calculating the Adjusted Performance Score and Performance Band for KPI-01 (Core)
     1. The APS and the Performance Band for KPI-01 for a Review Period shall be calculated from the Achieved Performance in accordance with Table P‑2.

Note to drafters: The following clauses represent a performance curve where a higher level of Achieved Performance results in a higher APS. The drafter should ensure that the performance curve formula in Table P‑2, the points in Table P‑3, and the diagram in Figure P-2 all match the KPI.

For each Performance Band an individual formula in Table P‑2 defines a straight-line segment of the performance curve using the data points from Table P‑3. In Table P‑3 drafters should include the value for ‘a’ (the Required Performance Level from Table P‑1), and values for ‘b’ and ‘c’ (the boundaries between Performance Bands B and C and Performance Bands C and D, respectively). These values are used to calculate the gradient of the lines for Performance Bands B and C in Table P‑2.

MAKE SURE THAT YOU HAVE AN INDEPENDENT REVIEW AND TEST OF THE FORMULA FOR EACH BAND BEFORE THE RFT IS RELEASED!

Table P‑2: KPI-01 Adjusted Performance Score Formulae

| If the Achieved Performance (x) for KPI-01 for a Review Period is… | the Performance Band is… | the APS (%) is calculated using the formula below using the values defined in Table P‑3 … |
| --- | --- | --- |
| 1. x ≥ a | 1. A | 1. *APS* = 100% |
| 1. b ≤ x < a | 1. B |  |
| 1. c ≤ x < b | 1. C |  |
| 1. x < c | 1. D | 1. *APS* = 0% |

* + 1. The values of a, b and c, for the calculation of the APS for KPI-01, are defined in Table P‑3.

Table P‑3: KPI-01 Achieved Performance Values (horizontal-axis)

| Point | Value |
| --- | --- |
| 1. a |  |
| 1. b |  |
| 1. c |  |

* + 1. Figure P-2 illustrates the performance curve defining the relationship between the Achieved Performance and the APS for KPI-01, and the operation of the formulae in Table P‑2.

Note to drafters: Figure P-2 must be replaced with one applicable to the KPI’s Achieved Performance to APS relationships. Note that the coordinates on the example below correspond to the coordinates in the table above and assist in the development of the formulae for each Performance Band.



Figure P-2: KPI-01 Achieved Performance to APS (Performance Curve)

Note to drafters: KPI-02 is a draft set of clauses for “Example B” in the (large) note to drafters before clause 3 – for when an EPR is determined for each event or activity during the Review Period. The APS is then calculated as the average for the EPRs for all events or specified activities being completed during the Review Period.

1. KPI-02: [INSERT KPI NAME]
   1. KPI-02 Explanation (Core)
      1. KPI-02: **[INSERT KPI NAME]** is a measure of the Contractor’s performance **[INSERT DESCRIPTION]**.

Note to drafters: Insert the name / description of the KPI-related event or activity description into the following clause (eg, completion of a scheduled Maintenance availability period or activity) and subsequent clauses where indicated.

* + 1. For KPI-02:
       1. the performance result for each **[INSERT DESCRIPTION OF EVENT]** shall be determined in accordance with clause 4.2;
       2. the EPR for each **[INSERT DESCRIPTION OF EVENT]** measured by KPI-02 shall be calculated in accordance with clause 4.3;
       3. the APS for the Review Period shall be calculated in accordance with clause 4.4; and
       4. the Performance Band for the Review Period shall be determined in accordance with clause 4.5.
  1. Performance Results for KPI-02 (Core)
     1. Subject to clause 4.2.2, the performance result for KPI-02, for each **[INSERT DESCRIPTION OF EVENT]** (each an event), shall be calculated in accordance with the following formula:

Note to drafters: Insert an appropriate formula, followed by the definitions for the factors used in the formula including the measurement requirements and source of the performance measure data, as applicable, in the following clause. For example, if a measurement in time needs to be made relative to an Approved schedule then these requirements need to be included. If individual factors associated with specific events need to be measured differently, then this should be set out also. If this is not possible, a clear explanation should be provided. Refer to the PPBC Guide for further guidance.

performance result (KPI-02) = **[INSERT FORMULA eg, (1 – (A + B)) x 100%]**

where:

|  |  |
| --- | --- |
| 1. **[INSERT FACTOR]** = | 1. **[INSERT DEFINITION]** |
| 1. **[INSERT FACTOR]** = | 1. **[INSERT DEFINITION]** |
| 1. **[INSERT FACTOR]** = | 1. **[INSERT DEFINITION]** |

Note to drafters: Consider including additional details, if required, to identify explicit inclusions, exclusions, or changes to the KPI or event. For example, “X is to be excluded from the measurement of factor Y” or “This KPI is increased by Z% for defined periods of Surge”. Refer to the PPBC Guide for further guidance.

* + 1. For clause 4.2.1, when obtaining the parameters and measurement data used to determine the Contractor’s performance against KPI-02, the following conditions shall apply:
       1. **[INSERT INCLUSION, EXCLUSION OR OTHER CONDITION]**; and
       2. **[INSERT INCLUSION, EXCLUSION OR OTHER CONDITION]**.
  1. Calculating the Event Performance Rating for KPI-02 (Core)
     1. The EPR for KPI-02, for each **[INSERT DESCRIPTION OF EVENT]**, shall be calculated from the performance result for the event in accordance with Table P‑4.

Note to drafters: The following clauses represent a performance curve where performance results are converted into a percentage and a lower numerical result (eg, less delay) will result in a higher EPR. Drafters should ensure that the performance curve formula and diagram match the KPI.

For each Performance Band as shown in Figure P‑3 an individual formula in Table P‑4 defines the straight-line segment of the performance curve using the data points in Table P‑5. In Table P‑5 drafters should include the value for ‘a’ (the Required Performance Level for each event measured by this KPI from Table P‑1 and values for ‘b’ and ‘c’ (the boundaries between Performance Bands B and C and Performance Bands C and D, respectively). These values are then used to determine the gradient of each straight-line segment in Performance Bands B and C in Table P‑4.

Refer to the PPBC Guide for further information.

MAKE SURE THAT YOU HAVE AN INDEPENDENT REVIEW AND TEST OF THE FORMULA FOR EACH BAND BEFORE THE RFT IS RELEASED!

Table P‑4: KPI-02 Event Performance Rating Formulae

| If the performance result (x) for KPI-02 is… | the Performance Band (for the event) is… | the EPR (%) is calculated using the formula below using the values defined in Table P‑5 … |
| --- | --- | --- |
| 1. x ≤ a | 1. A | 1. *EPR* = 100% |
| 1. a < x ≤ b | 1. B |  |
| 1. b < x ≤ c | 1. C |  |
| 1. x > c | 1. D | 1. *EPR* = 0% |

* + 1. The values of a, b and c, for the calculation of the EPR for KPI-02, are defined in Table P‑5.

Table P‑5: KPI-02 Performance Result Values (horizontal-axis)

| Point | Value |
| --- | --- |
| 1. a |  |
| 1. b |  |
| 1. c |  |

* + 1. Figure P‑3 illustrates the performance curve defining the relationship between the Contractor’s performance for the event and the EPR for KPI-02, and the operation of the formulae in Table P‑4:

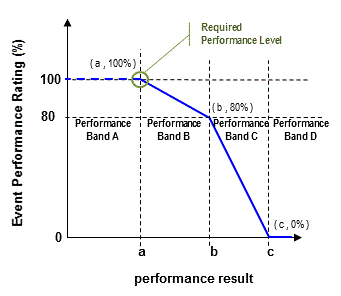
Note to drafters: Figure P‑3 must be replaced with one applicable to the KPI’s performance to EPR relationships. Note that the coordinates on the example below correspond to the coordinates in the table above and assist in the development of the formulae for each Performance Band.

Figure P‑3: KPI-02 Event Performance Result to EPR (Performance Curve)

* 1. Calculating the Adjusted Performance Score for KPI-02 (Core)
     1. Subject to clause 4.4.2, if one or more **[INSERT DESCRIPTION OF EVENT]** are completed in a Review Period, the APS for KPI-02 for a Review Period shall be calculated as the average of the EPRs for KPI-02 for that Review Period, in accordance with the following formula:

APS = A / B

where:

A = the sum of the EPRs for all **[INSERT DESCRIPTION OF EVENT]** completed in the Review Period

B = the number of **[INSERT DESCRIPTION OF EVENT]** completed in the Review Period

* + 1. If no **[INSERT DESCRIPTION OF EVENT]** were completed in the Review Period, the APS for KPI-02 for the Review Period shall equal 100%.
  1. Performance and Performance Band for KPI-02 (Core)
     1. For the purposes of the Contract, the Performance Band for KPI-02 for a Review Period shall be calculated in accordance with Table P-6.

Table P-6: Designated Performance Bands

|  |  |
| --- | --- |
| If the APS for KPI-02 (for the Review Period) is… | The Achieved Performance for KPI-02 (for the Review Period) is within Performance Band… |
| 1. 100% | 1. A |
| 1. 80% ≤ APS < 100% | 1. B |
| 1. 0 ≤ APS < 80% | 1. C |
| 1. 0% | 1. D |

Note: Achieved Performance for this KPI may be calculated by inserting the APS value into the applicable formula from Table P‑4 and solving the equation to find the x-axis value (which will be the Achieved Performance instead of the “performance result (x)”). However, as only the Performance Band and APS are used by other parts of the Contract this calculation is not required.

Note to drafters: The clauses for KPI-01 or KPI-02 are repeated for KPIs 03 to 05 (as applicable). These clauses have been included to assist in tailoring; however, the notes to drafters have been removed (refer to KPI-01 and KPI-02 clauses for notes).

1. KPI-03: [INSERT KPI NAME]
   1. KPI-03 Explanation

Note to drafters: Copy the subclauses from KPI-01 or KPI-02 (as applicable) for each of the additional KPIs required. The KPI headings and names below have been retained to assist in using bookmarked fields to ensure consistent use of KPI names in the clauses and Table P‑1.

* + 1. KPI-03: **[INSERT KPI NAME]** is a measure of the Contractor’s performance **[INSERT DESCRIPTION]**.
    2. ….

1. KPI-04: [INSERT KPI NAME]
   1. KPI-04 Explanation
      1. KPI-04: **[INSERT KPI NAME]** is a measure of the Contractor’s performance **[INSERT DESCRIPTION]**.
      2. ….
2. KPI-05: [INSERT KPI NAME]
   1. KPI-05 Explanation
      1. KPI-05: **[INSERT KPI NAME]** is a measure of the Contractor’s performance **[INSERT DESCRIPTION]**.
      2. …..

ANNEX B – PERFORMANCE IMPLEMENTATION PERIOD

Note to drafters: If a Performance Implementation Period (PIP) is not required to introduce the performance management framework over a period of time, then replace all clauses in Annex B with a single ‘Not used’. When drafting clauses for the PIP in Annex B, drafters need to be consistent with the development of clause 4 of Annex C to Attachment B, including the definition of PIP stages.

1. Introduction (Core)
   1. Purpose (Core)
      1. The purpose of this Annex B is to define the managed introduction of the performance assessment regime to the Contract through:
         1. the duration and stages of the Performance Implementation Period (PIP); and
         2. the changes applicable to KPIs during the PIP.
   2. Objectives (Core)
      1. The Contractor acknowledges that the objectives of the PIP are to:

Note to drafters: Amend the following subclauses as appropriate. Subclause a. may not be applicable when the Contract is replacing a previous support contract of similar scope and the KPIs have been proven. Subclauses e. to g. are primarily applicable when the Contract is being implemented to support Products being delivered, over a period of time, from an acquisition project.

* + - 1. validate the accuracy of the KPIs as appropriate measures of the extent to which the Contractor is contributing to the Outcomes;
      2. confirm that the data collected and used to measure performance provides an accurate and statistically valid measure of that performance;
      3. verify the Contractor’s processes for the measurement and reporting of KPIs;
      4. minimise the impact of unrepresentative performance discrepancies while newly established resources and processes are stabilising;
      5. scale the KPIs and overall performance measurement regime consistent with the ramp up of the Services and Products Being Supported, as applicable;
      6. allow for the delivery and operation of sufficient systems to reach a level of maturity sufficient to be representative of long-term support requirements; and
      7. allow sufficient time to accurately measure and confirm new equipment reliability.
    1. The parties acknowledge that the PIP is not a period for trialling or changing the performance assessment process, individual KPIs or associated calculations; rather, the intent of the PIP is to refine measurement and recording processes and to overcome any initial instability in Product and Support System performance and related processes.

1. KPI-01: [INSERT KPI NAME] (Core)

Notes to drafters: The following example clauses are for a “standard KPI”, as per KPI-01 in Annex A. For an “event-based KPI”, clauses should be copied and adapted from the example clauses for KPI-02 in Annex A.

References to “stage 1” should be removed if the PIP only has one stage.

* 1. Overview of PIP Stages for KPI‑01 – FOR INFORMATION ONLY (Optional)

Note to drafters: If a complicated set of PIP stages is included in the Contract, then it may be beneficial including an overview of the stages in this clause (the following clause is an example only). This clause is intended to be ‘For Information Only’ so do not include any mandatory statements or other text that could overlap and conflict with the formal description of the KPIs in the subsequent clauses. If not required, delete the heading and clause and replace with ‘Not used’.

* + 1. KPI‑01 is measured from the first stage of the PIP. KPI‑01 is implemented over the three stages of the PIP based on the number of Mission Systems that have been delivered under the Contract (Acquisition).
  1. PIP stage 1 changes to KPI-01 (Core)

Note to drafters: If the KPI used during the PIP stage is different to the mature KPI requirement, then include and further develop the following clauses to describe the changes for the relevant stage of the PIP. The clauses below may be copied and re-used for each stage in a multi-stage PIP.

* + 1. The Contractor's performance against KPI-01, for the first stage of the PIP, shall be determined in accordance with Annex A except for the changes identified in this clause 2.2.

Note to drafters: The following clauses are based on clauses in Annex A. Amend the clauses for KPI-01, for this stage of the PIP, to identify differences when compared to clauses 3.2, 3.3 and 3.4 of Annex A. If a clause is the same as the corresponding clause in Annex A, then it does not need to be repeated here unless it is necessary for providing clarity to the description. Alternatively, a matching clause may be cross-referenced (eg: “[… XYZ …] shall be determined in accordance with clause […number…] of Annex A.”).

* + 1. Subject to clause 2.2.3, the Contractor’s performance for KPI-01 for each Review Period within this stage of the PIP shall be calculated in accordance with the following formula:

KPI-01 = **[INSERT FORMULA eg, (1 – (A + B)) x 100%]**

where:

|  |  |
| --- | --- |
| 1. **[INSERT FACTOR]** = | 1. **[INSERT DEFINITION]** |
| 1. **[INSERT FACTOR]** = | 1. **[INSERT DEFINITION]** |
| 1. **[INSERT FACTOR]** = | 1. **[INSERT DEFINITION]** |

* + 1. For clause 2.2.2 when obtaining the parameters and measurement data used to determine the Contractor’s performance against KPI-01 the following conditions shall apply:
       1. **[INSERT INCLUSION, EXCLUSION OR OTHER CONDITION]**; and
       2. **[INSERT INCLUSION, EXCLUSION OR OTHER CONDITION]**.

Note to drafters: If there is no change in the way the Achieved Performance is calculated, the following clause can be deleted, or replaced with a clause stating that the Achieved Performance will be calculated in accordance with Annex A.

* + 1. The Contractor’s Achieved Performance for KPI-01 shall be calculated as an overall result for this KPI for the Review Period in accordance with the following formula:

Achieved Performance (KPI-01) = **[INSERT FORMULA eg, A / B x 100%]**

where:

|  |  |
| --- | --- |
| 1. **[INSERT FACTOR]** = | 1. **[INSERT DEFINITION]** |
| 1. **[INSERT FACTOR]** = | 1. **[INSERT DEFINITION]** |

Note to drafters: Amend the APS formulae in Table P‑7 for this stage of the PIP. Refer to Annex A for related guidance.

If, in this stage of the PIP, the KPI will be measured but a Performance Payment will not be calculated (under Annex C to Attachment B), the Performance Bands may still be relevant to the Contract and an APS can be a useful indicator of process limitations and areas for improvement.

Performance Incentives reward over-performance. If a Performance Incentive applies to a KPI, it is unlikely to apply during the PIP – refer to the PPBC Guide for further information.

* + 1. The APS for KPI-01 for each Review Period within this stage of the PIP shall be calculated from the Achieved Performance in accordance with Table P‑7.

Table P‑7: KPI-01 Adjusted Performance Score Formulae for PIP Stage 1

| If the Achieved Performance (x) for KPI-01 for each Review Period in Stage 1 of the PIP is… | the Performance Band is… | the APS (%) is calculated using the formula below using the values defined in Table P‑8 … |
| --- | --- | --- |
| 1. x ≥ a | 1. A | 1. *APS* = 100% |
| 1. b ≤ x < a | 1. B |  |
| 1. c ≤ x < b | 1. C |  |
| 1. x < c | 1. D | 1. *APS* = 0% |

* + 1. The values of a, b and c for KPI-01 for PIP stage 1 are defined in Table P‑8.

Table P‑8: KPI-01 Adjusted Performance Score Values for PIP Stage 1

| Point | Value |
| --- | --- |
| 1. a |  |
| 1. b |  |
| 1. c |  |

Note to drafters: The following clause may be deleted if the PIP only has one stage.

* 1. PIP Stage 2 changes to KPI-01 (Optional)
     1. The Contractor's performance against KPI-01, for the second stage of the PIP, shall be determined in accordance with Annex A, except for the changes identified in this clause 2.3.

Note to drafters: Copy the applicable clauses, captions and tables from stage 1 of the PIP (above) and insert below. Amend accordingly.

1. KPI-02: [INSERT KPI NAME] (Optional)

Note to drafters: Copy and paste the clauses used for KPI-01 for each additional KPI or use KPI-02 from Annex A as a starting point for drafting when an event-based KPI is used. Amend accordingly.