AUSTRALIAN INDUSTRY CAPABILITY (CORE)

Note to drafters: Where the expected value of the Contract will not exceed $20 million, drafters may use the AIC provisions from ASDEFCON (Complex Materiel) Volume 1 in lieu of the below clauses.

Note to tenderers: Attachment F will consist of an amalgamation of information contained in this draft attachment, the successful tenderer’s response to TDRs G, and any negotiated adjustments including, if applicable, additional Australian Industry Activities (AIAs). AIAs are a contractual mechanism to implement specific Industrial Capabilities, such as activities that contribute to Sovereign Defence Industrial Priorities (SDIPs) identified in the Defence Industry Development Strategy (DIDS)). The Australian Industry Capability Guide for ASDEFCON provides further explanation of AIAsINTRODUCTION (CORE)

* 1. Purpose

Note to drafters: Amend the following clauses to suit the scope of this Attachment.

* + 1. This Attachment sets out the following Australian Industry Capability (AIC) Obligations:
       1. the Australian Industry Activities (AIAs) that are to be performed, which include:
          1. the Industrial Capabilities to be established within Australian Entities, in whole or in part, under the Contract; and
          2. other elements of the work to be performed by Australian Industry and/or the Supplies that are to be provided by Australian Industry (as applicable); and
       2. the Australian Contract Expenditure (ACE) Measurement Points and the Prescribed ACE Percentage to be achieved at each of the ACE Measurement Points.
    2. The Sovereign Defence Industrial Priorities (SDIPs) and associated Detailed SDIPsapplicable to the Contract are (in no particular order):
       1. [...INSERT NAME OF AN APPLICABLE SDIP...], for which the following Detailed SDIPs are applicable:

(i) [...IDENTIFY APPLICABLE DETAILED SDIP...]; and

(ii) [...IDENTIFY APPLICABLE DETAILED SDIP...]; and

b. [...INSERT ANY ADDITIONAL SDIP AND ASSOCIATED DETAILED SDIPS...].

* + - * 1. ; and
      1. . [...INSERT ANY ADDITIONAL SDIP AND ASSOCIATED DETAILED SDIPS...].

1. DEFENCE-REQUIRED AUSTRALIAN INDUSTRial CAPABILITIES (OPTIONAL)

Note to drafters: Within a contract, DRAICs specify requirements relating to Sovereign Defence Industrial Priorities (SDIPs) (including Detailed SDIPs) and/or other initiatives to create, enhance or maintain key Industrial Capabilities that enable ADF Capability. DRAICs are also subject to Verification and Acceptance. If DRAICs are to be included in the draft Contract, drafters should incorporate the applicable clauses here from Attachment F of the ASDEFCON (Strategic Materiel) template. Additionally, tender data requirements will need to be added to Annex G to Attachment A to the COT, and DRAIC planning and management requirements will be required in the SOW. If including DRAICs, it is important that all related aspects are included in the draft Contract. Refer to the AIC Guide for ASDEFCON for further information.

* 1. Not Used

1. REQUIRED ACTIVITIES To BE PERFORMED BY AUSTRALIAN INDUSTRY (RFT CORE)

Note to drafters: The intent of this clause is to set out activities, which are either linked to SICP/CIC requirements or to particular Industrial Capabilities of interest to Defence, including in relation to Sovereignty, to ensure that the Contract includes the obligations for this work to be undertaken by Australian Industry. An example may be that the Contractor must ensure that the design of the Mission System or a key part of the Mission System is undertaken in Australia by Australian Industry. Another example may be that the Contractor must undertake all procurement in Australia to ensure that supply chains are Australian-based and/or maximise the opportunities for Australian Industry to be part of the Contractor’s supply chain to enhance Sovereignty.

The following clauses should not be used when the Commonwealth needs to specify complex Industrial Capabilities in detail, which would then be subject to Verification and Acceptance (under the proposed Contract or a subsequent Contract (Support)) to confirm that the required Industrial Capabilities have been created or enhanced. AIAs such as these should be addressed by including them as DRAICs under the preceding clause.

If the Commonwealth does not need to specify any required activities be performed by Australian Industry, clauses 3.2 and 3.3 may be retained in draft form in order to include any suitable AIAs proposed by the successful tenderer (refer to TDR G-1.1). Drafters should also review the notes to tenderers for the needs of the draft Contract and, if applicable, identify any SICPs/CICs that the Commonwealth would expect tenderers to address in response to TDR G-1.1. In such cases, the note to tenderers in clause 3.2 may be relocated below the heading of clause 3.2.

* 1. Planning and Implementation
     1. The Contractor shall further define, plan and implement the required activities to be performed by Australian Industry described under this clause 3, in accordance with the Contract.
  2. Required Activities

Note to drafters: Note to drafters: Amend the following clause (and repeat the clause as necessary) to define AIAs that are required activities to be performed by Australian Industry as a contractual obligation (but which are not DRAICs). Each description should define ‘what’ activities are required to be performed; the Contractor will define ‘how’ they are implemented in the AIC Plan.

Notwithstanding, the required activities must have sufficient detail so that the outcomes being sought by the Commonwealth are clear, and that the activities can be properly scoped by tenderers for resources and pricing purposes. Requirements should be written in outcome terms and should be verifiable by simple measurement or observation / audit, to enable confirmation that the activities are being performed, once the Contract is underway.

DO NOT include ‘objectives’ or generic requirements in these clauses (eg, to ‘maximise participation’) as these are unworkable as Essential AIC Obligations (refer COC clause 4.2).

Required activities may include specific arrangements for collaborative security partnerships, export programs, and/or enduring strategic partnerships with tier 2 suppliers, when required by the Project Execution Strategy (PES).

* + 1. The Contractor shall ensure that the following activities for [...INSERT TITLE OF FIRST REQUIRED ACTIVITY...] are undertaken by Australian Industry:
       1. [...INSERT DETAILS OF FIRST REQUIRED ACTIVITY TO ENSURE THAT OUTCOMES AND SCOPE ARE CLEAR, INCLUDING CROSS-REFERENCING TO ANY APPLICABLE SICPs/CICs...]; and
       2. [...INSERT ADDITIONAL DETAILS UNTIL THE REQUIRED ACTIVITY IS FULLY DESCRIBED...].

Note to drafters: Retain the following clause for the purposes of the RFT. It may be updated during negotiations to capture any AIAs proposed by the preferred tenderer that are of value to Defence.

Note to tenderers: Where the preferred tenderer’s AIC response (to TDR G) identifies activities (as ‘Opportunities to Enhance AIC’) that are considered beneficial to be identified as AIAs, these may be incorporated during negotiations into this clause 3.2, using the following clause (repeated as necessary).

* + 1. The Contractor shall ensure that the following activities for (...INSERT TITLE OF REQUIRED ACTIVITY...) are undertaken by Australian Industry:
       1. (...INSERT DETAILS OF FIRST REQUIRED ACTIVITY TO ENSURE THAT OUTCOMES AND SCOPE ARE CLEAR, INCLUDING CROSS-REFERENCING TO ANY APPLICABLE SICPs/CICs...); and
       2. (...INSERT ADDITIONAL DETAILS UNTIL THE REQUIRED ACTIVITY IS FULLY DESCRIBED...).
  1. Other Requirements for Australian Industry

Note to drafters: The intent of this clause is to capture any other elements of the draft Contract that are to be undertaken by Australian Industry, but which do not have the complexity that would require them to be classified as a DRAIC or a required activity under clause 3.2. If applicable, these other requirements are to be listed under clause 3.3.1 (otherwise, clause 3.3.1 may be retained pending tender responses). Drafters should consider the following aspects when amending this clause for the RFT:

a. These elements are likely to be provided by lower-tier Subcontractors / suppliers, particularly Small-to-Medium Enterprises (SMEs).

b. These ‘other requirements’ could be mandated by Government or offered by a preferred tenderer. Examples include the use of Australian steel for construction, use of an Australian-developed product, or use of specialised services (eg, for cyber security).

Other requirements may be based on the preferred tender, to capture elements of the offer that the Commonwealth wants to include as an easily specified AIC Obligation.

c. Unless specific direction applies, this clause is to facilitate market competition to the extent practicable (consistent with Commonwealth Procurement Rules, whether or not the rules in Division 2 apply). Drafters should not refer to specific products or Subcontractors in the RFT but instead use generic terms (eg, use ‘Australian steel’ as opposed to ‘BlueScope steel’). Drafters should not include any Commonwealth Mandated Government Furnished Material (GFM) in this clause.

DO NOT include ‘objectives’ or generic requirements in these clauses (eg, to ‘maximise

participation’) as these are unworkable as Essential AIC Obligations (refer COC clause 4.2).

These requirements must be specific, have a clearly defined scope, and able to be objectively

verified under any resultant Contract.

Note to tenderers: The Commonwealth expects that the tenderer’s AIC response (ie, to TDR G ) identifes additional procurements / activities that may be incorporated into this clause 3.3, using the following clause (repeated as necessary) to capture the tenderer’s proposal(s).

* + 1. In addition to the requirements of clause 3.2, the Contractor shall ensure that the following other requirements are also performed by Australian Industry:
       1. […INSERT DETAILS OF FIRST OTHER REQUIREMENT TO BE PERFORMED BY AUSTRALIAN INDUSTRY…]; and
       2. […INSERT ADDITIONAL DETAILS UNTIL ALL OTHER REQUIREMENTS TO BE PERFORMED BY AUSTRALIAN INDUSTRY ARE IDENTIFIED…].

1. ACE MEASUREMENT
   1. ACE Measurement Points and Prescribed ACE Percentages.

Note to drafters: ACE Measurement Points in Table F-1 should match those in clause 7 of draft Attachment B. . If the proposed Contract will be high value and is likely to exceed 10 years in duration, then Prescribed ACE Percentages may be requested as part of the tender, in which case, refer to the AIC Guide for ASDEFCON for an alternative note to tenderers.

Note to tenderers: Tenderers are not required to propose Prescribed ACE Percentages in their tender (other than in respect of the final ACE Measurement Point). The preferred tenderer(s) during ODIA / contract negotiations will need to calculate ACE Percentages for Table B-1 of draft Attachment B and propose Prescribed ACE Percentages derived from these calculated ACE Percentages for inclusion in Table F-1 (below), noting they may not necessarily be the same. Subject to negotiations, the final Prescribed ACE Percentage in Table F-1 will be the overall Prescribed ACE Percentage tendered in response to Annex G to Attachment A to the COT. Refer also to clause 7 of draft Attachment B for further information.

* + 1. Table F-1 sets out the ACE Measurement Points and the Prescribed ACE Percentages in respect of each ACE Measurement Point.

Table F-: ACE Measurement Points and Prescribed ACE Percentages

|  |  |
| --- | --- |
| ACE Measurement Point | Prescribed ACE Percentage |
|  | 1. ( )% |
|  | 1. ( )% |
|  | 1. ( )% |