PRICE AND PAYMENTS (CORE)

Note to tenderers: Attachment B will consist of an amalgamation of information contained in TDR D, this draft Attachment, the successful tenderer’s response, including the details tendered within the ‘Acquisition Pricing Workbook’ (ACQPW), and any negotiated adjustments. Further guidance on completing the ACQPW can be found in the ACQPW Guide and the [ACE Guide for ASDEFCON](https://www.defence.gov.au/sites/default/files/2021-09/Australian-Contract-Expenditure-Guide-for-ASDEFCON.pdf).

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) 5

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

9 Cost Reimbursement (OPTIONAL) 7

10 Incentive Payments (OPTIONAL) 7

Note to drafters: Some Annexes will include a file with the appropriate pricing table, such as a PDF copy of a spreadsheet from the ‘Acquisition Pricing Workbook’ (ACQPW). Update the following table for the Annexes to be included in the Contract. File names may be added when known, the examples below are based on the tabs in the workbook.

|  |  |  |
| --- | --- | --- |
| 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. 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 (in MS Excel®) 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 ‘Price Schedule’ worksheet for the successful tenderer’s response to TDR D-2, and any negotiated adjustments.

* + 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 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 adjustments.

* + 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 adjustments. 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):
           1. is premised on the understanding that Contract costs are largely incurred in the prior quarter;
           2. avoids the delay (eg, of several months) for indices to be published, and the subsequent calculation and payment of the price adjustment;
           3. ensures that the Commonwealth does not pay an adjustment for a quarter in which limited or no work has been undertaken;
        4. 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;
        5. 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;
        6. if a source of an index series publishes provisional and final index values, index values designated as provisional shall not be used;
        7. subject to paragraph f, if a quarterly index is published more than 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
        8. 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 Payment schedule. |
| P | the price in the Price and Payments schedule, as applicable at the Base Date. |
| X | if applicable, a fixed or non-variable component of the price (expressed as a decimal), in a particular currency. |
| 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 specific 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. |
| Lo | the labour index value (number) for a specific labour index series (Li) 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 r=2, there are two materials indices (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 fixed amount, labour and materials components, 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 adjustments. 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’ tabs for the successful tenderer’s response to TDR D-6 and any negotiated adjustments.

* 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 Table B-1 of any resultant Contract.

The calculated ACE percentages will usually represent the maximum values 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 the calculated ACE percentages and 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-3).

* + 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 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 adjustments.

* + 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 Directorate, Financial Investigation Service (FIS), that FIS 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, allowing part of a contract to be paid on a reimbursement basis, are generally only considered by Defence for activities that are difficult to scope and for the tenderers to price (such as high-risk design and development). Accordingly, this payment method is an option within the ASDEFCON (Strategic Materiel) template. If such a payment method is being considered for the draft Contract, and the appropriate template is being used, drafters should refer to the ASDEFCON (Strategic Materiel) template (Attachment B clauses 4 and 9, Annex D to Attachment A to the COT, and related clauses of the draft COC) for applicable clauses.

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-12, the successful tenderer’s response and any negotiated adjustments.

* 1. (... To be determined ...}
     1. (… INSERT DETAILS OF INCENTIVE PAYMENTS, IF APPLICABLE …).