PRICE AND PAYMENTS (CORE)

Note to tenderers: Attachment B will consist of an amalgamation of information submitted by the tenderer in response to TDR D, this draft Attachment B and any negotiated adjustments.

1. GENERAL (CORE)
   1. Attachment B consists of the following clauses and associated Annexes as indicated in Table B-1 below:

Note to drafters: Some Annexes will include a file with the appropriate pricing table, such as a PDF copy of a worksheet from the Complex Services Pricing Workbook (CSERPW) For Recurring Services, multiple schedules may be included under Annex B. Update the following table for the Annexes (and schedules) to be included in the draft Contract. Files names may be added prior to ED, when known. The examples below are based on the tabs for worksheets within the CSERPW and the separate word file for Annex E.

If the draft Contract will signifcantly exceed the expected use of the template, for example, by exceeding a value of more than A$20m per year (and relevant AIC requirements and ‘prescribed ACE percentages’ being applicable), drafters should consider using the Support Pricing Workbook and updating this Attachment (and TDR D) to those used for ASDEFCON (Support).

Table B-: Annexes to Attachment B

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| Attachment B  Clause Reference | Associated Annex | Annex File Names |
| 1. 2 2. Milestone Payments (OPTIONAL) | 1. Annex A 2. Milestone Payments 3. Annex B 4. Milestone Schedule and Criteria | 1. *Milestone Schedule*   *ASDEFCON\_CSERV\_V1.0\_COC\_ATTB\_ANNB\_MilestoneSchedule and Criteria* |
| 1. 3 2. Mobilisation Payments and Milestone Payments (OPTIONAL)   Note to tenderers: Annex A will consist of an amalgamation of the price schedules in TDR D, the successful tenderer’s response, and any negotiated adjustments.   * 1. Introduction      1. This clause 2 and Annex A describe the amounts payable by the Commonwealth to the Contractor for the achievement of Milestones **(INSERT THE FOLLOWING WHERE A MOBILISATION PAYMENT HAS BEEN AGREED, “or as a Mobilisation Payment”)** in accordance with the Contract.   2. Mobilisation Payment      1. The amount of the Mobilisation Payment is **(INSERT AMOUNT OF MOBILISATION PAYMENT)**.      2. The Commonwealth shall pay to the Contractor the Mobilisation Payment upon **(INSERT CRITERIA FOR MOBILISATION PAYMENT)**.   3. Milestones   Note to drafters: If the proposed Contract will not include Milestone Payments, the following clauses and note to tenderers can be deleted and the heading annotated as ‘not used’. Prior to RFT release, drafters should populate the ‘Milestone Schedule’ worksheet of the CSERPW with descriptions appropriate for any Commonwealth-defined Milestones. Refer to TDR D-2 for details.  Note to tenderers: Annex A will consist of an amalgamation of the CSERPW ‘Milestone Schedule’ worksheet for the successful tenderer’s response to TDR D-2, and any negotiated adjustments.   * + 1. The Milestone Payment Schedule is detailed in the file: **(…INSERT the file name for the "Milestone Schedule" from the workbook…)**, and forms Annex A to this Attachment.     2. Annex B sets out the Milestone details for the Contract, including the entry and exit criteria and the Milestone Dates. Annex A details the Milestone Payments for the Contract, noting that some Milestones may not have a Milestone Payment (ie, ‘nil payment Milestones’).     3. The Commonwealth shall, for achievement of a Milestone, pay to the Contractor the relevant Milestone Payment as specified in the Milestone Schedule.     4. The Contractor is taken to have achieved a Milestone only if all of the corresponding criteria for the Milestone, as set out in Annex B, have been satisfied.  1. Recurring Services (CORE) | 1. Annex C 2. Recurring Services | 1. *Schedule 1: Recurring Services OD to X* 2. *Schedule 2: Recurring Services X to Y* 3. *Schedule 3: Recurring Services Y to Z* |
| 1. 4 2. Task-Priced Services (OPTIONAL) | 1. Annex D 2. Task-Priced Services | 1. *Task Priced Services* |
| 1. 5 2. S&Q Services (CORE) | 1. Annex E 2. S&Q Services | 1. *S and Q Services* |
| 1. 6 2. Adjustments (CORE) | 1. Annex F 2. Adjustments | 1. *Adjustments* |
| 1. 7 2. Performance Assessment and Performance Payments (OPTIONAL) | 1. Annex G 2. Performance Assessment and Performance Payments (Optional) | 1. *009\_ASDEFCON\_SPTS\_V3.0\_COC\_ATTB\_ANNE\_PerformanceAssessmentandPerformancePayments* |

* 1. The obligations of the Commonwealth under this Attachment B are subject to:
     + 1. the Contractor making a claim for payment in accordance with clause 7.2 of the COC; and
       2. the other provisions of the Contract.
  2. Except where expressly indicated to the contrary, the amounts set out in or calculated under this Attachment B are inclusive of all costs and other payments associated with providing the Services 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.

1. Mobilisation Payments and Milestone Payments (OPTIONAL)

Note to tenderers: Annex A will consist of an amalgamation of the price schedules in TDR D, the successful tenderer’s response, and any negotiated adjustments.

* 1. Introduction
     1. This clause 2 and Annex A describe the amounts payable by the Commonwealth to the Contractor for the achievement of Milestones **(INSERT THE FOLLOWING WHERE A MOBILISATION PAYMENT HAS BEEN AGREED, “or as a Mobilisation Payment”)** in accordance with the Contract.
  2. Mobilisation Payment
     1. The amount of the Mobilisation Payment is **(INSERT AMOUNT OF MOBILISATION PAYMENT)**.
     2. The Commonwealth shall pay to the Contractor the Mobilisation Payment upon **(INSERT CRITERIA FOR MOBILISATION PAYMENT)**.
  3. Milestones

Note to drafters: If the proposed Contract will not include Milestone Payments, the following clauses and note to tenderers can be deleted and the heading annotated as ‘not used’. Prior to RFT release, drafters should populate the ‘Milestone Schedule’ worksheet of the CSERPW with descriptions appropriate for any Commonwealth-defined Milestones. Refer to TDR D-2 for details.

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

* + 1. The Milestone Payment Schedule is detailed in the file: **(…INSERT the file name for the "Milestone Schedule" from the workbook…)**, and forms Annex A to this Attachment.
    2. Annex B sets out the Milestone details for the Contract, including the entry and exit criteria and the Milestone Dates. Annex A details the Milestone Payments for the Contract, noting that some Milestones may not have a Milestone Payment (ie, ‘nil payment Milestones’).
    3. The Commonwealth shall, for achievement of a Milestone, pay to the Contractor the relevant Milestone Payment as specified in the Milestone Schedule.
    4. The Contractor is taken to have achieved a Milestone only if all of the corresponding criteria for the Milestone, as set out in Annex B, have been satisfied.

1. Recurring Services (CORE)
   1. Introduction
      1. This clause 3 and Annex C, including the schedules to Annex C, describe the amounts payable by the Commonwealth to the Contractor for the provision of Recurring Services in accordance with the Contract. The Recurring Services commence from the […INSERT “Effective Date” or “Operative Date”…].
   2. Recurring Services Fee

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| Option A: For when Annex G, Performance Assessment and Performance Payments, is included into the Contract.   * + 1. Subject to clauses 5 and 6 of Annex G to this Attachment B, the Commonwealth shall pay to the Contractor, for the provision of the Recurring Services, the Recurring Services Fee, monthly in arrears. |

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| Option B: For when Annex G, Performance Assessment and Performance Payments, is not included into the Contract.   * + 1. The Commonwealth shall pay to the Contractor, for the provision of the Recurring Services, the Recurring Services Fee, monthly in arrears. |

1. Task-Priced Services (OPTIONAL)

Note to drafters: If the proposed Contract will not include Task-Priced Services, the following clauses can be deleted and the heading annotated as ‘not used’. Even if the Commonwealth does not specify any Task-Priced Services, the clauses and annex may be retained in the tender and draft Contract, should tenderers propose any, or if they become relevant under the Contract (eg, to replace an S&Q Service that is performed repeatedly).

* 1. Introduction
     1. This clause 4 and Annex D describe the amounts payable by the Commonwealth to the Contractor for the provision of Task-Priced Services in accordance with the Contract.
  2. Task-Priced Services
     1. For each Task-Priced Service the Commonwealth shall pay to the Contractor the price for the Task-Priced Service, as specified in Annex D, applicable to the month in which the Task-Priced Service was Accepted in arrears at the end of that month or in such other manner as may be agreed in writing by the parties in respect of that Task-Priced Service.

1. S&Q Services (CORE)
   1. Introduction
      1. This clause 5 and Annex E describes the amounts payable by the Commonwealth to the Contractor for the provision of S&Q Services in accordance with the Contract.
   2. S&Q Rates
      1. Annex E sets out the labour categories / skill levels and labour rates for the Contractor's employees for the purpose of S&Q Services. The labour rates apply to:
         1. S&Q Services provided during **[INSERT DEFINITION OF NORMAL TIME]** (**Normal Time**); and
         2. S&Q Services provided at any other times (**Other Time**).

Note to drafters:  Prior to RFT release drafters should refer to the ‘S&Q Services’ worksheet in the CSERPW and review and revise the value thresholds for the application of mark-ups on subcontracts, materials and other Allowable Costs, as applicable.  Refer to TDR D-5 for details.

Note to tenderers: The Commonwealth prefers differential mark-ups on Contractor purchased materials, Subcontracts and other Allowable Costs so that higher value purchases attract a lower percentage mark-up. Mark-up rates above [INSERT THRESHOLD] will be negotiated on a case-by-case basis during the S&Q process under clause 3.14 of the COC.

* + 1. Annex E sets out the mark-up on purchased materials, Subcontract costs and other Allowable Costs for the purpose of S&Q Services. Mark-ups for Subcontracts (including Subcontracts for materials) exceeding **[INSERT AMOUNT]**shall be subject to negotiation.

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| Option: Include the following clauses when foreign currencies are applicable.   * + 1. If an S&Q Service will include component costs in foreign currencies, for rates that are not included in Annex E, values are to be quoted in source currency and equivalent Australian dollars (using the Reserve Bank of Australia rate as at the day prior to the submission of the S&Q Quote) inclusive of all applicable taxes and other duties, or as otherwise agreed between the parties.     2. Where an S&Q Quote is submitted that includes amounts priced in foreign currencies, and equivalent Australian dollar amounts determined in accordance with clause 5.2.3, the Commonwealth may elect to pay any amounts under any resulting S&Q Order in either source currency or Australian dollars, as applicable. |

* 1. Not-To-Exceed S&Q Services
     1. This clause applies to an S&Q Service to the extent that the S&Q Order specifies a Not-To-Exceed basis for pricing and payment.
     2. The Commonwealth shall, for each Not-To-Exceed S&Q Service, pay to the Contractor, monthly in arrears, the lesser of:
        1. the costs incurred by the Contractor in performing the S&Q Service, calculated using the labour rates specified in Annex E and by applying the mark-up specified in Annex E to materials, Subcontracts and other Allowable Costs (where applicable); or
        2. the Not-To-Exceed price set out in the S&Q Order.
  2. Firm Price S&Q Services
     1. This clause applies to an S&Q Service to the extent that the S&Q Order specifies a firm price basis for pricing and payment.
     2. The Commonwealth shall, for each firm price S&Q Service, pay to the Contractor, monthly in arrears, the following:
        1. if the Contractor achieves a milestone specified in the S&Q Order, the amount specified for the milestone in the S&Q Order;
        2. upon Acceptance of the S&Q Service (and Acceptance of any associated Deliverables), any amount specified in the S&Q Order as being payable upon Acceptance; and
        3. any other amount specified to be payable in accordance with the S&Q Order.

1. Adjustments (CORE)

Note to tenderers: 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 6, the following interpretations apply:
        1. when applicable, the pricing tables in the Annexes to this Attachment are adjusted from the Adjustment Date, in accordance with clause 7.3 of the COC;
        2. the price for a Milestone is the price applicable to the due date for achievement of that Milestone (ie, not a price applicable to a later date, if achievement of the Milestone or if the invoice was submitted, subsequent to the Adjustment Date);
        3. subject to paragraph b, the price for a Service is the price applicable to the period of when the Service was performed, not the date of the invoice (ie, if the invoice was submitted subsequent to the Adjustment Date);
        4. in accordance with clause 7.3.1 of the COC, unless stated otherwise in an S&Q Order, prices for an S&Q Service are not subject to an adjustment;
        5. if a source of an index publishes provisional and final index values, only the index values designated as final shall be used;
        6. subject to clause 6.1.1e, if an index is published more than once during a year then, for the purposes of the formulae, the index number for that year shall be taken to be the last index number officially published before the Adjustment Date; and
        7. 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 the index.
  2. Adjustment Process

Note to drafters: The formula below can be used for prices where underlying costs are in a foreign currency (with payments made in $A or in source currency), when the appropriate indices are included in Annex F.

The following formula only allows for one labour and one materials index per source currency, with the same weightings applied to all adjusted prices. If an adjustment process that allows for different weightings for more than two components is required, drafters may refer to the ‘complex’ option within ASDEFCON (Support). Drafters should also seek CFA advice.

* + 1. The prices specified in Annexes A, C and D to this Attachment B shall be adjusted for fluctuations in the cost of labour and materials (including where prices may be based in a foreign source currency) by applying the following formula in accordance with clause 7.3 of the COC:

Where, for each applicable source currency:

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| --- | --- |
| Ref | Description |
| 1. P1 | 1. the new (ie, adjusted) price to apply on and from the Adjustment Date. |
| 1. P0 | 1. the price applicable immediately prior to the relevant Adjustment Date. |
| 1. Y | 1. the component of a price (expressed as a decimal) specified in Annex F, which is attributed to a labour index series. |
| 1. L1 | 1. the labour index value (number) for a labour index series (L) specified in Annex F, as published for the quarter preceding the quarter containing the relevant Adjustment Date. |
| 1. L0 | 1. the labour index value (number) for a labour index series (L) specified in Annex F that was used for the previous price adjustment or, in respect of the first price adjustment, the published index value for the quarter preceding the quarter containing the Base Date. |
| 1. Z | 1. the component of a price (expressed as a decimal) specified in Annex F, which is attributed to a materials index series. |
| 1. M1 | 1. the materials index value (number) for a materials index series (M) specified in Annex F, as published for the quarter preceding the quarter containing the relevant Adjustment Date. |
| 1. M0 | 1. the materials index value (number) for the materials index series (M) specified in Annex F that was used for the previous price adjustment or, in respect of the first price adjustment, the published index value for the quarter preceding the quarter containing the Base Date. |

and where, for each price being adjusted, the sum of the components attributed to labour and materials equals one (ie, Y + Z = 1).

* + 1. For labour rates for S&Q Services in Annex E to Attachment B, the following price adjustment formula shall be applied in accordance with clause 7.3 of the COC:

Where, for each applicable source currency:

|  |  |
| --- | --- |
| Ref | Description |
| 1. P1 | 1. the new (ie, adjusted) labour rate for S&Q Services, to apply to new S&Q Orders executed on and from the Adjustment Date. |
| 1. P0 | 1. the labour rate for S&Q Services, as specified in Annex E, immediately prior to the relevant Adjustment Date. |
| 1. L1 | 1. the labour index value (number) for a labour index series (L) specified in Annex F, as published for the quarter preceding the quarter containing the relevant Adjustment Date. |
| 1. L0 | 1. the labour index value (number) for a labour index series (L) specified in Annex F that was used for the previous rates adjustment or, in respect of the first rates adjustment, the published index value for the quarter preceding the quarter containing the Base Date. |

* 1. Indices
     1. The Australian and international indices for the Contract, and the proportions attributed to labour and materials components of the prices, are detailed in Annex F to this Attachment.

Note to tenderers:

Note 1: For labour costs incurred in Australia, input based (cost of labour) indices acceptable to the Commonwealth are included in the ABS catalogue ‘Wage Price Index’ – Tables 8B and 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. Performance Assessment and Performance Payments (OPTIONAL)
   1. Assessment of Performance and Calculation of Performance Payments
      1. Annex G describes the performance assessment process and the method for calculating Performance Payments.