FINANCIAL (CORE)

1. TENDERED PRICING INFORMATION – GENERAL REQUIREMENTS (Core)

Draft COC reference: clause 7 and Attachment B

Note to tenderers: The ‘Support Pricing Workbook’ (SPTPW), as part of this TDR D, collects financial information for tenders, calculates Australian Contract Expenditure (ACE), and is in a format suitable for Annexes to Attachment B of any resultant Contract. For guidance, refer to the [Support Pricing Workbook Guide](https://www.defence.gov.au/sites/default/files/2022-11/Support-Pricing-Workbook-Guide-for-ASDEFCON.pdf) and the [ACE Guide for ASDEFCON](https://www1.defence.gov.au/sites/default/files/2021-09/Australian-Contract-Expenditure-Guide-for-ASDEFCON.pdf).

Note to drafters: Update the SPTPW to support this Annex. Amend the list of worksheets below for the draft Contract; for example, if a Contractor Standing Capability will be included or not.

* 1. Tenderers are to complete and submit tender pricing information within the Microsoft Excel® Workbook titled ‘Support Pricing Workbook’ (SPTPW), including the following worksheets:
     1. Core Services worksheets (for the applicable number of stages in the Initial Term);
     2. Excluded Services (for the applicable number of periods in the Initial Term);
     3. Task Priced Services;
     4. S&Q Services;
     5. Milestone Schedule;
     6. Contractor Standing Capability;
     7. Further Quantities (including prices for any optional extras);
     8. Schedules of Rates (including the Schedule of Margins, Labour Rates, Material, and Other Direct Cost worksheets);
     9. Specific Prices;

Note to drafters: The SPTPW has two options for Adjustments. The complex method provides greater accuracy for when Prescribed ACE Percentages are required, or when multiple indices apply to labour and/or materials in a currency (eg, two national wage price indices both in Euros).

* + 1. Adjustments [...INSERT '(Simple)' or '(Complex)'...] (including the preferred index series in each applicable currency, and component values (weightings) for each index);
    2. Payment Schedule;
    3. ACE Summary; and
    4. if additional currencies are required, the Constants worksheet.
  1. Prices for tendered Services are to be stated in Australian dollars except for any portion of the Services to be imported from overseas, which is to be stated in foreign currency. All prices tendered will be in Base Date dollars (noting that prices under any resultant Contract will be subject to periodic adjustment, in accordance with clause 7.4 of the COC).
  2. Tendered prices (and rates for ad hoc Services) are to be inclusive of all costs (and fees, including profit) of complying with the draft Contract and 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 proposed Contract. Tenderers are not to include contingency for exchange rate fluctuations in their tendered price.
  3. Tenderers are required to submit tender prices inclusive of all overseas taxes and charges and all Australian (Federal, State and Local Government) taxes including GST, duties and charges that are applicable at the Base Date. For Services (including deliverables) on which GST will be payable, the tenderer is to indicate the amount of GST to be applied.

Note to tenderers: The Defence Cost Principles can be found here:

* <https://www.defence.gov.au/business-industry/procurement/policies-guidelines-templates/procurement-guidance/cost-principles>

The Australian Contract Expenditure (ACE) Measurement Rules can be found here:

* <https://www.defence.gov.au/business-industry/procurement/policies-guidelines-templates/procurement-guidance>

Note to Drafters: In accordance with Chapter 2 of the Defence Cost Principles V3.0, there are some cases where exceptions to the Defence Cost Principles may apply.

For guidance in relation to application of the Defence Cost Principles, refer to Commercial and Financial Analysis Directorate at:

* <http://ibss/PublishedWebsite/LatestFinal/836F0CF2-84F0-43C2-8A34-6D34BD246B0D/Item/4DF33272-EE23-45FF-B074-FBD845E9FDC7>

or by email at:

* [casg.cfa@dpe.protected.mil.au](mailto:casg.cfa@dpe.protected.mil.au)

Where the Defence Cost Principles are not applicable, drafters should ensure that the pricing response requirements of the RFT ensure sufficient transparency of pricing in order to evaluate and establish value for money.

* 1. Tenderers are to apply:

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| ***Option: Include this clause if the Defence Cost Principals are being used to develop the tendered pricing for this procurement and any exception under Chapter 2 of the Defence Cost Principles does not apply.***   * + 1. the Defence Cost Principles when preparing tendered prices; and |

* + 1. the Australian Contract Expenditure (ACE) Measurement Rules, when defining the ACE and Imported Contract Expenditure (ICE) within tendered prices.

1. TENDERED PRICING INFORMATION – Specific REQUIREMENTS (CORE)

Draft COC reference: clause 7 and Attachment B

* 1. Tenderers are to provide a justification for the tendered management reserve (MR) figures used in the SPTPW, explaining how these figures have been derived from the tendered Risk Register (from TDR E-5) and allocated to the tendered prices.

Note to tenderers: A Mobilisation Payment may be considered if the tenderer demonstrates that it represents value for money to the Commonwealth (eg, to establish an in-country capability). If a Mobilisation Payment is considered appropriate, a Bank Guarantee in accordance with clause 7.5 of the draft COC will be required.

* 1. **Mobilisation Payment.** If a tenderer seeks Mobilisation Payment(s) for any resultant Contract, they are to state the amount, purpose(s), and date of the proposed Mobilisation Payment(s).

Note to drafters: Include any Commonwealth-specified Milestones in the ‘Milestone Schedule’ worksheet of the SPTPW, and ensure that these are consistent with Attachments C and D.

Note to tenderers: Ensure that the ‘Milestone Schedule’ worksheet is consistent with Milestone criteria in Attachment C to the draft COC. Subject to negotiations, the successful tenderer’s response to clause 2.4 will be incorporated into Attachment C (Delivery Schedule).

* 1. **Milestones and Milestone Payments.** When preparing the ‘Milestone Schedule’ worksheet, tenderers are to include:
     1. the amount of each proposed Milestone Payment for the identified Milestones, or a zero amount (eg, for the commencement of a new period of Recurring Services Fees); and
     2. any other proposed Milestones and their corresponding details, including payments.
  2. Tenderers are to provide a proposed update to Attachment C to the draft COC (Delivery Schedule), which:
     1. is consistent with the Statement of Non-Compliance at TDR A‑4;
     2. identifies any additional Milestones proposed by the tenderer;
     3. provides the information for each Milestone required by Attachment C, including the proposed entry and exit criteria; and
     4. is consistent with the Milestones listed in the ‘Milestone Schedule’ worksheet of the SPTPW, and any Milestones set out in Attachment D to the draft COC.
  3. When responding to clauses 2.3 and 2.4, tenderers are to:
     1. if a proposed Milestone date is not specified or is not considered suitable, identify and provide an explanation for a preferred date for achieving the Milestone; and
     2. if a Milestone designates the start of a Recurring Services Fees period (eg, a stage in Ramp Up of Core Services), detail the Milestone entry – exit criteria (in Attachment C to the draft COC) that account for the change in Recurring Service Fees.

Note to tenderers: A Core Services worksheet is required for each payment period, including for each Ramp Up stage, if applicable, and for subsequent annual periods in the Initial Term.

* 1. **Core Services Fee.**  When defining the Core Services Fees, tenderers are to:
     1. apply a pricing structure that is consistent with the Contract Summary Work Breakdown Structure in the draft Glossary, and the guidance within Annex A to DID-SSM-CWBS;
     2. demonstrate that the full scope of the Core Services have been captured; and
     3. insert additional worksheets, if required, to define additional payment periods (eg, for more stages within Ramp Up that increase the range and/or scale of Core Services).

Note to drafters: In clause 2.7 insert the number of high-value proposed Approved Subcontracts for which detailed pricing is required, in order to obtain visibility of ACE. Only a small number of high-value Subcontracts are needed to capture a meaningful portion of the Contract value.

Note to tenderers: Limiting the detailed pricing to a number of proposed Approved Subcontracts does not limit any other tender data requirement; however, it assists the Commonwealth to assess ACE and work-related risks. Additional detail, including for other proposed Approved Subcontracts, may be sought during contract negotiations for any resultant Contract.

* 1. When identifying ‘Approved Subcontract prices (on an annual basis)’ within the pricing structure of SPTPW ‘Core Services’ worksheets, tenderers are to:
     1. identify the [...INSERT NUMBER EG. 'three' or 'five'...] proposed Approved Subcontracts with the highest expected ACE, or all proposed Approved Subcontracts with Australian Entities if there are less than [...INSERT NUMBER...];
     2. for the proposed Approved Subcontracts identified in accordance with subclause 2.7a, include a breakdown of Subcontract prices (ie, direct costs to the Contractor under any resultant Contract) into labour, materials, other direct costs, and non-Approved Subcontract prices, as applicable; and
     3. for any other proposed Approved Subcontracts (ie, not identified under subclause 2.7a), include pricing within the non-Approved Subcontract Prices column.

Note to drafters: If known (eg, for GFF), direct costs may be listed on the Excluded Services worksheet, otherwise identify the basis for any known fees (eg, in relation to GFF).

Note to tenderers: Excluded Services Fees apply to costs that are ‘passed through’ to the Commonwealth (with general and administrative charges but no profit), such as lease fees or utilities contributions for Government Furnished Facilities (GFF).

* 1. **Excluded Services Fee.**  When defining Excluded Services Fees, if applicable, tenderers are to:
     1. amend the worksheet to define the payment periods for Excluded Services Fees (eg, stages within Phase In or Ramp Up when Excluded Services Fees start or change); and
     2. define the events that designate the start of each payment period for Excluded Services Fees as Milestones in draft Attachment C (including Milestone entry and exit criteria).
  2. **S&Q Services.** When defining the labour rates for S&Q Services, tenderers are to:
     1. identify the labour categories and skill levels that may carry out S&Q Services described in the draft SOW (including DSDs) and provide hourly rates for both normal time and other time; and
     2. define ‘normal time’ and ‘other time’ for the purposes of the labour rates used for S&Q Services (eg, normal time is 8 hrs/day any Working Day between 07:00 – 19:00).

Note to drafters: Insert a threshold amount in the note to tenderers below.

Note to tenderers: Lower mark-ups are expected on high-value Contractor-purchased Materials, Subcontracts and Other Direct Costs. Mark-ups on purchases over [INSERT AMOUNT] will be negotiated.

* 1. When defining the mark-ups for materials, Subcontracts and Other Direct Costs for S&Q Services,tenderers are to explain the basis for the mark-ups, including in comparison to the margins for Recurring Services in the ‘Schedule of Margins’ worksheet.

1. adjustmentS (CORE)

Draft COC reference: clause 7.4

Note to drafters: Confirm with Commercial and Financial Analysis (CFA) that suitable and current foreign exchange rates are included in the SPTPW ‘Constants’ worksheet.

Note to tenderers: If payments for any resultant Contract include significant amounts in foreign currencies, Defence policy is to pay those amounts in source currency (to avoid contingency and currency hedging – see the ‘Australian Government foreign exchange risk management – guidelines for entities – Resource Management Guide (RMG) 120’):

* <https://www.finance.gov.au/government/managing-commonwealth-resources/managing-risk-internal-accountability/foreign-exchange-risk-management>

If foreign currency amounts are not significant (generally less than A$1 million), any resultant Contract may be written in Australian dollars with adjustments for exchange rates.

Foreign exchange rate not listed in the SPTPW may be added to the ‘Constants’ worksheet.

* 1. Tenderers are to provide the following information which will be necessary in the event that any resultant Contract is written in Australian dollars for a portion of the payments that are subject to adjustment for exchange rate fluctuations:
     1. percentage of the tendered price (inclusive of all duties and charges) that is proposed to be subject to adjustment for exchange rate fluctuations (per currency, if applicable);
     2. exchange rate for which the tendered price is based: $A1 = (foreign currency); and
     3. name and address of the bank or financial institution whose rates were used in tender preparation or are proposed to apply to any resultant Contract, including reasoning, if different or additional to those included in the ‘Constants’ worksheet of the SPTPW.

Note to drafters: The SPTPW has two options for Price Adjustments. The more complex worksheet provides greater accuracy if Prescribed ACE Percentages are required. If applicable, include the following option. Also add reference to the CSC Services worksheet if applicable.

|  |
| --- |
| Option: Include this option when using the Adjustments (Complex) worksheet.   * 1. When identifying weightings in the Adjustments worksheet, tenderers are to identify which sets of indices (ie, columns A1, A2, etc) would be applied to different prices within the Core Services, Excluded Services, Task-Priced Services, S&Q Services and Milestone Schedule worksheets. |

1. AUSTRALIAN CONTRACT EXPENDITURE (CORE)

Draft COC reference: Attachment B clause 9, Attachment F clause 4

* 1. When preparing the SPTPW, tenderers are to calculate the ACE and the ICE for the payment types included in the draft Contract, in accordance with clause 7.15 of the draft COC.

Note to drafters: Delete CSC Fees in clause 4.2d if not applicable to the draft Contract.

If Recurring Services are likely to exceed AUD $20m per annum, Prescribed ACE Percentages will be requested (refer to TDR G). Refer to the AIC Guide for ASDEFCON for additional clauses.

Note to tenderers: In relation to Australian Industry Capability (AIC), the Commonwealth will assess proposed ACE. Note that the sum of the Recurring Services Fees (for Core Services and any Excluded Services) and any Milestone Payments, equate to the Defined Contract Value referred to in TDR G-3.

* 1. Tenderers are to complete the ACE Summary worksheet of the SPTPW for the Initial Term of any resultant Contract, and details of the proposed payments and ACE total values for each of the following payment types (as applicable):
     1. Core Services Fees;
     2. Excluded Services Fees;
     3. Milestone Payments (including for Phase-In Services); and
     4. Contractor Standing Capability Fees (for the initial CSC Term).

Note to tenderers: Table B-2 of Attachment B may contain Subcontract categories, thresholds and deemed ACE and ICE percentages that are alternate or additional to those in the ACE Measurement Rules. Tenderers may propose new deeming rates in the form of Table D-1, but these will be subject to confirmation by Defence’s Commercial and Financial Analysis (CFA) Directorate before use in any resultant Contract. If CFA has previously agreed to alternate / additional Subcontract deeming rates, and the same Subcontractor(s) are to be used for a like purpose, these confirmed rates may be used in tendered pricing and the tenderer is to provide evidence that these have already been confirmed by CFA.

* 1. Tenderers may propose alternate and/or additional Subcontract categories, thresholds, and deemed ACE and ICE percentages to those listed in paragraph 3 of the ACE Measurement Rules and, if applicable, clause 9.2.1 of draft Attachment B, by providing a response in the format of Table D-1. Subject to confirmation by Commercial and Financial Analysis (CFA), alternate / additional Subcontract categories, thresholds and deemed ACE and ICE percentages will be considered by the Commonwealth for inclusion in any resultant Contract.

Table D-1: Approved Alternate and Additional Deeming Rates

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

Note to tenderers: Paragraph 4 of the ACE Measurement Rules allows different percentages for deeming indirect costs. Any alternate deeming rates for indirect costs within tendered prices need to have been previously confirmed by CFA and included below. Proposals for new deeming rates will only be considered during contract negotiations with the preferred tenderer(s).

* 1. If alternate deeming rates for indirect costs (including overhead and general and administrative costs) have been confirmed by CFA, and the tenderer has used these in calculating ACE and ICE for the tenderer and/or proposed Approved Subcontractors within the tendered prices, the rates and date of confirmation are to be identified in accordance with the format in Table D-2.

Table D-2: Deeming Rates for Indirect Costs

|  |  |  |  |
| --- | --- | --- | --- |
| Entity Name | Deemed ACE percentage | Deemed ICE% percentage | Date confirmed by CFA |
| 1. (… INSERT CONTRACTOR NAME …) | 1. (…INSERT %...) | 1. (…INSERT %...) | 1. (…DATE...) |
| 1. (… INSERT SUBCONTRACTOR NAME …) | 1. (…INSERT %...) | 1. (…INSERT %...) | 1. (…DATE...) |