AUSTRALIAN INDUSTRY capability (CORE)

Note to tenderers: Attachment F will consist of an amalgamation of this draft attachment, the successful tenderer’s response to TDR G, and any negotiated changes 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](https://www.defence.gov.au/about/strategic-planning/defence-industry-development-strategy) (DIDS). The [Australian Industry Capability Guide for ASDEFCON](https://www.defence.gov.au/sites/default/files/2021-09/Australian-Industry-Capability-Guide-for-ASDEFCON.pdf) provides further explanation of AIAs.

1. INTRODUCTION (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. 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 SDIPs applicable to the Contract are (in no particular order):
       1. [...INSERT NAME OF AN APPLICABLE SDIP...], for which the following Detailed SDIPs are applicable:
          1. [...IDENTIFY APPLICABLE DETAILED SDIP...]; and
          2. [...IDENTIFY APPLICABLE DETAILED SDIP...]; and
       2. [...INSERT ANY ADDITIONAL SDIP AND ASSOCIATED DETAILED SDIPS...].

1. DEFENCE-REQUIRED AUSTRALIAN INDUSTRIAL CAPABILITIES (Optional)

Note to drafters: DRAICs are AIAs included in a contract if the scope and complexity of the program to implement or sustain the Industrial Capability is such that it needs to be managed as a specific sub-project / program. DRAICs often require a dedicated management team. For further explanation, refer to the [Australian Industry Capability Guide for ASDEFCON](https://www.defence.gov.au/sites/default/files/2021-09/Australian-Industry-Capability-Guide-for-ASDEFCON.pdf).

If DRAICs are not applicable, delete the clauses below clause 2 and annotate the heading as ‘Not used’. If required, amend this clause 2 to set out the DRAIC(s) applicable to the Contract, defining the Industrial Capabilities that Defence requires to be fully or partially delivered under the Contract as part of the DRAIC(s). Partial delivery may apply to a sustainment-related DRAIC that is not completed and made operational until the Contract (Support) (ie, only initial DRAIC Elements are provided under the Contract).

Care must be taken if specifying a DRAIC that enhances an existing Industrial Capability to ensure that there is no additional risk transfer to the Commonwealth (eg, due to existing responsibilities under other contracts).

Drafters should seek advice from the AIC Delivery team ([aic.delivery@defence.gov.au](mailto:aic.delivery@defence.gov.au)) if a DRAIC is being considered.

* 1. Introduction
     1. The Contractor shall design, develop, implement, assure, obtain Acceptance for, operate and sustain (as applicable) the DRAICs required by this clause 2, in accordance with the Contract.
  2. DRAIC #1 ‑ [...INSERT NAME OF DRAIC...]

Note to drafters: Particular DRAICs may require concepts and specific requirements to be set out in considerable detail. In such circumstances, the description of the DRAIC could be included in a separate document that is referenced from these clauses, or included in an annex to this Attachment. This clause may be used as a guide to structure any such annex.

Amend clause 2.2.1 to identify the SDIPs and associated Detailed SDIPs applicable to the DRAIC. If the DRAIC is not devolved from a SDIP but otherwise identified as an important contributor to a Defence Capability, amend the subclauses to show traceability to the Capability requirement.

* + 1. The Contractor acknowledges that DRAIC #1, [...INSERT NAME OF DRAIC...], is required to be established within Australian Industry to support the achievement of:
       1. [...INSERT NUMBER AND NAME OF SDIP...], including the following Detailed SDIPs:
          1. [...IDENTIFY APPLICABLE DETAILED SDIP...]; and
          2. [...IDENTIFY APPLICABLE DETAILED SDIP...].

Note to drafters: Amend the following clause to specify the Commonwealth’s requirements for DRAIC #1. The intent is to provide clarity around the nature and scope of the DRAIC. For example, the clauses below may refer to a Detailed SDIP for overall objectives, and then describe project-specific requirements like a ‘function and performance specification’ for that capability.

Generally, operating and support concepts are only required for DRAICs that will be controlled or partially used by the Commonwealth, such as a deployable test capability that provides operational results to enable the further development of the SDIP. Detailed support concepts are typically not required because suppliers are responsible for their own Industrial Capabilities.

Relevant information may be included in the OCD and FPS for a Materiel System (eg, for Support System DRAICs, such as an in‑country software support facility). In these cases, the following clauses should refer to relevant sections of those documents, and any other relevant references.

For sustainment-related DRAICs, which are only partially implemented under the Contract (with the balance being implemented under the Contract (Support)), clause 2.2.2c should refer to the Contract (Support) and the Contractor’s plan(s) (eg, required DRAIC Plan) to allocate responsibilities (ie, for DRAIC Elements, such as equipment, procedures, etc).

Refer to the AIC Guide for ASDEFCON for further information on defining DRAICs.

* + 1. The Contractor shall deliver DRAIC #1, [...INSERT NAME OF DRAIC...], in accordance with clause 2.1 and the following concepts and requirements:
       1. **Operating and Support Concepts.** The operating and support concepts for DRAIC #1 are set out in [...INSERT APPLICABLE INFORMATION AS PER THE NOTE ABOVE...].
       2. **Function and Performance Requirements.** The required functions and associated performance requirements for DRAIC #1 are set out in [...INSERT APPLICABLE INFORMATION AS PER THE NOTE ABOVE...].
       3. **Programmatic Requirements.** DRAIC #1 is required to be implemented and operational by [...INSERT ANY SCHEDULE REQUIREMENTS AND/OR CONSTRAINTS...].

Note to drafters: Repeat clause 2.2, if required to define any additional DRAICs.

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

Note to drafters: The intent of this clause is to set out activities, either linked to a SDIP or other Industrial Capabilities of interest to Defence, and to include obligations for this work to be undertaken by Australian Industry. An example may be that particular work (eg, design of a key part of the Mission System) is undertaken by Australian Industry or that certain procurements be made from Australian suppliers, to ensure that supply chains are Australian-based and/or to 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 to specify complex Industrial Capabilities that would be subject to formal Verification and Acceptance (under the proposed Contract or a subsequent Contract (Support)). AIAs such as these should be addressed as DRAICs under clause 2.

If the Commonwealth does not specify any required activities, clauses 3.2 and 3.3 may be retained in draft form in order to include any AIAs proposed by the successful tenderer (refer to TDR G). In such cases, the note to tenderers within clauses 3.2 and 3.3 should be revised.

* 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: 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 THE FIRST REQUIRED ACTIVITY. ENSURE THAT OUTCOMES AND SCOPE ARE CLEAR. INCLUDE REFERENCE TO ANY SDIPs...]; and
       2. [...INSERT ADDITIONAL DETAILS UNTIL THE REQUIRED ACTIVITY IS FULLY DESCRIBED...].

Note to drafters: Retain the following clause for 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 THE REQUIRED ACTIVITY. ENSURE THAT OUTCOMES AND SCOPE ARE CLEAR. INCLUDE REFERENCE TO ANY SDIPs...); 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:

1. These elements are likely to be provided by lower-tier Subcontractors / suppliers, particularly Small-to-Medium Enterprises (SMEs).
2. 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.
3. 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: If the preferred tenderer’s AIC response (ie, to TDR G) identifies additional procurements / activities that may be incorporated into this clause 3.3, the following clause may be used (and 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 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. ( )% |