FINANCIAL (CORE)

1. Tendered Pricing Information - General Requirements (CORE)

Draft COC reference: clause 7 and Attachment B

Note to tenderers: The ‘Acquisition Pricing Workbook’ (ACQPW), 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 [Acquisition Pricing Workbook Guide](https://www.defence.gov.au/sites/default/files/2022-11/Acquisition%20Pricing%20Workbook%20Guide%20for%20ASDEFCON.pdf) and [ACE Guide for ASDEFCON](https://www.defence.gov.au/sites/default/files/2021-09/Australian-Contract-Expenditure-Guide-for-ASDEFCON.pdf).

Note to drafters: Update the ACQPW to support this Annex. Amend the list of worksheets below for the draft Contract; for example, if Cost Reimbursement Supplies will be included or not. Update the Specific Price descriptions in the ‘Specific Prices’ worksheet as required.

* 1. Tenderers are to complete and submit tender pricing information within the Microsoft Excel® Workbook titled ‘Acquisition Pricing Workbook’ (ACQPW), including the following worksheets:
     1. Price Schedule;
     2. Milestone Payment Schedule (for identified Milestones and any proposed Milestones);
     3. Adjustments (including the preferred index series in each applicable currency, and component values (weightings) for each index in each applicable period);

Note to tenderers: NTE Prices and Specific Prices that are not included in the initial Contract Price are considered during tender evaluations and, subject to negotiations, will be included in Annex D to Attachment B to the draft COC. Note that per-unit prices for major items of Spares, S&TE, Training Equipment and Packaging are requested under TDR F-8.

* + 1. Specific Prices (including Not-To-Exceed Prices);
    2. Further Quantities (including prices for any optional extras);
    3. Schedules of Rates (including the Schedule of Margins, Labour Rates, Material, and Other Direct Cost worksheets);
    4. Cost Reimbursement;
    5. ACE Summary; and
    6. if additional currencies are required, the Constants worksheet.
  1. Prices for tendered Supplies are to be stated in Australian dollars except for any portion of the Supplies to be imported from overseas, which is to be stated in foreign currency. All prices tendered will be in Base Date dollars (noting that payments under any resultant Contract will be subject to adjustment in accordance with clause 7.3 of the COC).
  2. Tendered prices are to be inclusive of all costs (and fees, including profit) of complying with the draft Contract and associated with providing the Supplies 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 each item of the Supplies 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:

|  |
| --- |
| ***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 Attachments B and C

* 1. Tenderers are to provide a justification for the tendered management reserve (MR) figures used in the ACQPW, explaining how these figures have been derived from the tendered Risk Register (from TDR E-6) and allocated to the tendered prices.

Note to drafters: In clause 2.2 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 Subcontractor prices’ within the pricing structure of the ACQPW ‘Price Schedule’ worksheet, as required by clause 2.1, 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 2.2a, 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 2.2a), include pricing within the non-Approved Subcontract Prices column.

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). The Commonwealth will only consider a Mobilisation Payment amount that is not greater than […INSERT PERCENTAGE…] of the Contract Price. If a Mobilisation Payment is considered appropriate, a Bank Guarantee in accordance with clause 7.4 of the draft COC will be required.

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

Note to tenderers: Subject to negotiations, the successful tenderer’s response to clause 2.4 will be incorporated into Attachment C (Delivery Schedule) to the draft COC.

* 1. 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 Pricing Schedule’ worksheet of the ACQPW, and any Milestones set out in Attachment D to the draft COC.

1. adjustments (Core)

Draft COC reference: clause 7.3

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

Note to tenderers: If payment for any resultant Contract includes 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 paid in Australian dollars with adjustments for exchange rates.

Foreign exchange rates not listed in the ACQPW 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 and a proportion of the Contract Price is 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: $AUD 1 = (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 ACQPW.

1. LIFE CYCLE COST MODEL (CORE)

Draft SOW reference: Clause 3.11

Note to drafters: TDID-FIN-LCC-TLCCM must be tailored. Refer to the ‘Capability Costing Tool’ when developing the TDID. For advice contact: [capability.costing@defence.gov.au](mailto:capability.costing@defence.gov.au) .

Note to tenderers: The total cost of ownership, risks and Life Cycle Cost drivers associated with tendered solutions will be considered in the value for money assessment by the Commonwealth.

* 1. Tenderers are to provide a Life Cycle Cost Model in accordance with TDID-FIN-LCC-TLCCM.

1. AUSTRALIAN CONTRACT EXPENDITURE (CORE)

Draft COC reference: Attachment B clause 7, Attachment F clause 4

Note to drafters: For high-value contracts expected to be longer than 10 years, or if the tender process will not include an ODIA, drafters may request Prescribed ACE Percentages for some ACE Measurement Points. Refer to the AIC Guide for ASDEFCON for additional clauses.

Note to tenderers: Attachment B for any resultant Contract will record the planned ACE and ICE, and calculated ACE percentage, for each ACE Measurement Point. Prescribed ACE Percentages in Attachment F will be derived from but may be different to ACE percentages in Attachment B.

For the purposes of clause 5.1, only the Contract Price at ED is to be considered (which does not include Not-To-Exceed prices still to be added during any resultant Contract).

* 1. Tenderers are to determine the planned ACE and planned ICE and calculated ACE percentage for any resultant Contract, in accordance with clause 7.15 of the COC, and provide justification for any difference between the calculated ACE percentage and the proposed Prescribed ACE Percentage(s) provided in response to TDR G-3.

Note to drafters: The Commonwealth may specify Alternate and Additional Deeming Rates for Subcontracts using the table below. For example, the ‘Applicable Threshold’ could be increased up to $4 million.

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 7.2.1 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 and/or additional Subcontract categories, thresholds, and deemed ACE and ICE percentages will be considered by the Commonwealth for inclusion in any resultant Contract.

Table D-: 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-: 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...) |

1. FURTHER QUANTITIES AND OPTIONAL EXTRAS (Optional)

Draft COC reference: clause 1.8 and Attachment B clause 8

Note to drafters: The Commonwealth may request prices for further quantities of specific items (eg, Mission Systems) using the ‘Further Quantities’ worksheet of the ACQPW.

Note to tenderers: Subject to negotiations, offers of further quantities and optional extras will be included in Annex F to Attachment B to the draft Contract.

* 1. Tenderers are to indicate if they are prepared to supply further quantities of the Supplies and optional extras, including those detailed in the ‘Further Quantities’ worksheet of the ACQPW (if any). If so, tenderers are to provide details for the further quantities and optional extras in the ‘Further Quantities’ worksheet of the ACQPW, including the time period for the Commonwealth to exercise the option, and any other aspect of the option that differs from the initial tender. This information is not to be included in the Price Schedule of the ACQPW.

1. COST REIMBURSEMENT (Optional)

Draft COC reference: clause 7.8 and Attachment B clause 9

Note to drafters: Include this clause if Cost Reimbursement Payments will be considered. Any Commonwealth-defined Cost Reimbursement Supplies should be defined in an Annex to the SOW. The following allows tenderers to propose further Cost Reimbursement Payments.

Note to tenderers: For Cost Reimbursement Payments refer to the Cost Reimbursement Supplies identified in [...INSERT ANNEX...] of the draft SOW. Tenderers may propose other high-risk / developmental activities for consideration as Cost Reimbursement Supplies. Total Cost Reimbursement Payments will not exceed 25% of the Contract Price.

* 1. Tenderers proposing a payment regime that includes Cost Reimbursement Payments are to:
     1. specify the proposed high risk or developmental elements of the Contract subject to cost reimbursement when different from the Commonwealth’s proposal; and
     2. specify the proposed maximum amount payable under any resultant Contract as Cost Reimbursement Payments.

1. INCENTIVE PAYMENTS (Optional)

Draft COC reference: clause 7.11

Note to drafters: If the Commonwealth will offer incentives payments, a maximum percentage of the Contract Price should be included below. If related to ‘Cost Reimbursement Payments’, amend the following note to tenderers accordingly.

Note to tenderers: The amount of Incentive Payments payable under any resultant Contract will be [INSERT AMOUNT AS A PERCENTAGE OF CONTRACT PRICE].

* 1. Tenderers are to provide the following details in relation to the Incentive Payment provisions:
     1. acceptability or otherwise of any assessment periods, KPIs and weightings proposed by the Commonwealth in clause 10 of Attachment B to the draft COC (if any); and
     2. the tenderer’s proposed assessment periods, KPIs and weightings, if applicable.