AUSTRALIAN INDUSTRY CAPABILITY (CORE)

Draft COC reference: clause 4

Attachment F to the draft Contract

Draft SOW reference: clause 10

Note to drafters: For guidance, refer to [the](http://drnet/strategy/DIPD/Australian-Industry-Capability/Pages/AIC.aspx) web links below and the AIC Guide for ASDEFCON. For advice, particularly for direct source / limited tenders, consult the AIC Directorate: [aic.delivery@defence.gov.au](mailto:aic.delivery@defence.gov.au).

Note to tenderers: Tenderers should familiarise themselves with the 2019 Defence Policy for Industry Participation, the 2024 Defence Industry Development Strategy, and the Australian Industry Capability (AIC) Program and guidance available at:

* <https://www.defence.gov.au/business-industry>;
* <https://www.defence.gov.au/business-industry/industry-programs/defence-policy-industry-participation>;
* <https://www.defence.gov.au/about/strategic-planning/defence-industry-development-strategy>; and
* <https://www.defence.gov.au/business-industry/export/strategy>.

Tender responses are to describe the proposed AIC commitments for any resultant Contract and, subject to negotiations, elements of the successful tenderer’s proposal will be incorporated into:

* Attachment B – Price and Payments;
* Attachment F – Australian Industry Capability (as AIC Obligations); and
* Attachment K – Draft Data Items and Strategies (as the basis for an AIC Plan).

The preferred tenderer’s AIC proposal will be discussed further during Offer Definition and Improvement Activities (ODIA), if conducted, and/or contract negotiations.

An AIC Plan is NOT required to be tendered. The AIC Plan for any resultant Contract (including a Public AIC Plan) is to be derived from the successful tenderers proposal and any negotiated changes.

1. AUSTRALIAN INDUSTRY CAPABILITY PLANNING AND BUSINESS CASE (CORE)

Note to tenderers: If the tenderer / proposed Approved Subcontractors are overseas entities, the response to this requirement should describe how the tenderer / proposed Approved Subcontractors intend to work with Australian Industry to satisfy AIC Obligations in Attachment F and achieve the AIC Objectives in the draft Conditions of Contract. If the tenderer / proposed Approved Subcontractors are Australian Entities, the response should describe how they will satisfy the AIC Obligations and achieve the AIC Objectives within their organisations and more broadly with Australian Industry.

When past performance is relevant, tenderers should cross-refer to their response to TDR A-2.

* 1. For the tenderer and separately for each proposed Approved Subcontractor that was identified in response to TDR A‑3 (Schedule of Proposed Subcontractors) in relation to the Australian Industry Capability (AIC) program, tenderers are to provide, for any resultant Contract:
     1. a brief description of the work to be undertaken in Australia or New Zealand, including:
        1. the products to be delivered, services to be provided, and/or the other outcomes to be achieved;
        2. the interrelationships with any work being performed or products being delivered from overseas sources; and
        3. when applicable, a description of how the work contributes to sovereignty;
     2. the identification of each proposed Approved Subcontractor that will be considered as an AIC Subcontractor in accordance with in clause 11.9 of the draft COC, and the reason for this identification;
     3. a description of how the work contributes to the creation, enhancement or maintenance of Industrial Capabilities in Australia or New Zealand, including in relation to Australian Industry Activities (AIAs) specified in Attachment F (cross-referencing, if applicable, to the tenderer’s response to TDR G-2);
     4. identification of any other proposed work or outcomes that the tenderer proposes should be treated as an AIA (and included in Attachment F of any resultant Contract);
     5. a statement referring to how AIAs identified as ‘other requirements’ in draft Attachment F, will be achieved; and

Note to drafters: Delete the following requirement if not applicable. Refer SOW clause 10.6.

* + 1. for any R&D activities requested by the Commonwealth within the draft Contract, a description of how that R&D program would be integrated into the AIC proposal.
  1. Tenderers are to provide a table, in the format of Table G‑1 below, which identifies those elements of the draft Contract scope for which the exact source of goods and services has not yet been finalised, and which may represent opportunities for Australian Industry.
  2. Tenderers are to complete an Australian Industry Capability Schedule in accordance with the Australian Industry Capability Schedule Response Format at Table G-2 below.

Note to tenderers: The response to paragraph 1.4 should be specific and targeted, not marketing material. As a guide, the response should be approximately 10 pages (excluding any graphics), unless there is a large number of SMEs identified.

* 1. In the context of the response to paragraphs 1.1 – 1.3, tenderers are to provide a business case to explain how their offer achieves AIC Objectives while satisfying the other requirements of the draft Contract, including by:
     1. describing how the tenderer has scanned and engaged with Australian Industry to select Australian Entities to contribute to the draft SOW requirements, and identify which Australian Entities in the AIC Schedule would be new members of their supply chain;
     2. identifying any specific commitments (and any limitations on those commitments) that the tenderer and/or proposed Approved Subcontractors have made, or will make if the tender is successful, that will enhance (eg, by technology transfer or training) the Industrial Capabilities of individual Australian Entities in relation to the draft SOW’s requirements;
     3. identifying, for each Small to Medium Enterprise (SME) that the tenderer and/or a proposed Approved Subcontractor has committed to engage for any resultant Contract:
        1. the name and ACN/ABN (or NZCN/NZBN) of the SME;
        2. the nature and scope of the work to be undertaken by the SME, and the benefits that this offers to the AIC program and AIC Objectives; and
        3. if the tenderer and/or a proposed Approved Subcontractor will provide specific assistance to the SME, a brief description of the proposed assistance; and
     4. describing any commitments, that have been or will be implemented for any resultant Contract, to engage and employ veterans (previous members of the Australian Defence Force), including through proposed Subcontractors that employ veterans.

1. DEFENCE-REQUIRED AUSTRALIAN INDUSTRIAL CAPABILITIES (OPTIONAL)

Note to drafters: If DRAICs have been included in Attachment F, refer to the AIC Guide for ASDEFCON for tender requirements. Otherwise, annotate the heading above with ‘Not used’.

1. AUSTRALIAN CONTRACT EXPENDITURE MEASUREMENT (CORE)

Note to drafters: ACE Measurement Points are proposed by the Commonwealth in Attachments B and F. For the purposes of the tender, only a Prescribed ACE Percentage for the whole of the draft Contract is required. Refer to the AIC Guide for ASDEFCON for further information.

Note to tenderers: Attachment B of any resultant Contract will record the planned Australian Contract Expenditure (ACE), planned Imported Contract Expenditure (ICE), and a calculated ACE percentage for each ACE Measurement Point. Prescribed ACE Percentages will be recorded in Attachment F of any resultant Contract. Calculated and Prescribed ACE Percentages for each ACE Measurement Point are to be developed during ODIA or contract negotiations, and agreed by the parties prior to inclusion in Attachment F of any resultant Contract.

For tender purposes, only a Prescribed ACE Percentage for the tendered Contract Price is required (noting that this will not include options or certain Not-To-Exceed prices). Although based on the ‘Price Schedule’ of the Acquisition Pricing Workbook (ACQPW), a proposed Prescribed ACE Percentage may not be the same as a calculated ACE percentage. Prescribed ACE Percentages should be stated as integers (no decimals). Tenderers are not to include any financial information in their response to this TDR G-3 (this is provided in response to TDR D-5).

* 1. Tenderers are to propose an overall Prescribed Australian Contract Expenditure (ACE) Percentage applicable to the tendered Contract Price, based on the calculated ACE percentage derived from the ‘Price Schedule’ worksheet of the ACQPW.

1. OPPORTUNITIES TO ENHANCE AIC (CORE)

Note to tenderers: The Commonwealth seeks realistic opportunities to enhance the AIC program and to achieve AIC Objectives. The response to this requirement should not include the opportunities from Table G‑1 (being part of the baseline offer) or repeat, in detail, any new R&D opportunities in response to TDR G-5. Responses do not need to be submitted as alternative proposals under clause 2.15 of the COT, but will be considered as part of the tender evaluation process.

The Commonwealth reserves the right to use opportunities proposed by any tenderer for any resultant Contract and, more generally, for the purposes of the Commonwealth.

* 1. Tenderers may propose opportunities that would improve their offer from an AIC perspective, but which were not included in the baseline proposal due to the implications for other aspects of their offer (eg, cost, schedule, or Capability), by including for each proposed opportunity:
     1. a description of the nature and scope of the opportunity, including:
        1. the envisaged outcomes, including opportunities for Australian Industry under any resultant Contract, new or enhanced Industrial Capabilities, or other benefits relating to Sovereignty or Defence capabilities, and/or other AIC Objectives;
        2. the rationale for not including the opportunity in the tenderer’s baseline proposal;
     2. identification of the beneficiaries, which may be the tenderer, a proposed Subcontractor (eg, a local SME working to an overseas OEM), the Commonwealth, or a third party;
     3. a brief description of the scope of work to implement the opportunity, including:
        1. by identifying the parties that would be involved, any significant new resources required, and the potential location(s) where the opportunity could be implemented; and
        2. outlining an implementation schedule, including any linkages to Milestones; and
     4. identification of significant risks related to implementation and longer-term sustainability.
  2. Tenderers are to summarise a proposed regime that would enable the ongoing identification and implementation of Australian Industry Opportunities for any resultant Contract.

1. RESEARCH AND DEVELOPMENT (OPTIONAL)

Note to drafters: Include this requirement if the R&D clause has been included at clause 10.6 of the draft SOW. Modify the following notes and clause to align with SOW requirements.

Note to tenderers: This requirement addresses R&D activities requested by the Commonwealth (to be included in the tendered price) and any that are proposed by the tenderer (not included in the tendered price), which address the objectives under draft SOW clause 10.6. New R&D opportunities will be discussed during ODIA and/or contract negotiations and, if agreed, incorporated into Attachment F as an AIA, the SOW, and AIC program plans for any resultant Contract. As a guide, the response for each R&D activity should be no more than two pages.

* 1. For each R&D activity requested by the Commonwealth in the draft Contract, and each R&D opportunity proposed by the tenderer, if any, the tenderer is to:
     1. describe the expected nature and scope of the activity, including its main characteristics, participants, cost, the outcomes to be achieved and, as applicable, the benefits to Australian Industry (eg, technology development or export opportunities) and Defence;
     2. describe the tenderer’s expectations for the integration of the specific outcomes into the program for the delivery of the Mission System and Support System; and
     3. identify the significant assumptions, constraints (including any IP constraints) and risks, and any security or export control implications.

Table G‑1: Opportunities for Australian Industry

|  |  |  |
| --- | --- | --- |
| CWBS Level 3 Element  a. | Description of the goods / services for which the source of supply is still to be determined / finalised  b. | Opportunities for the participation of Australian Industry  c. |
|  |  |  |
|  |  |  |
|  |  |  |

Notes for Table G‑1:

1. CWBS Level 3 Element: Each CWBS Level 3 Element from the CWBS provided in response to TDR E‑3 (Contract Work Breakdown Structure and Dictionary).
2. Description of Goods / Services: Whether there are any goods or services under the CWBS Element for which the source of supply is still to be determined. If this is not the case (eg, because all of the work is planned to be conducted by the tenderer), tenderers are to insert the words, “No sources of supply still to be determined” (and insert the words “Not Applicable” in column c). If there are open opportunities, tenderers are to provide a description of the specific goods and services for which the source is still to be determined / finalised. This description is to include any goods and/or services that the Contractor will be acquiring through a proposed Approved Subcontractor, where the Approved Subcontractor has not yet determined or finalised the source of supply for any elements (or parts thereof) that it will be providing to the Contractor.
3. Opportunities for participation: In relation to those CWBS elements that the tenderer has identified that the source of supply is still to be determined / finalised, whether or not the tenderer considers that one or more opportunities exist for Australian Industry in relation to those goods and/or services. If this is not the case, tenderers are to insert the words, “No opportunities for Australian Industry” and include a brief justification for this assessment. If this is the case, tenderers are to identify the Australian Entities (by name and ABN/NZBN) that have been identified by the Contractor as potentially suitable, including a brief description of the goods and/or services that those entities offer.

Note to tenderers: The preferred tenderer’s response, any negotiated adjustments, and updates from pre-contract activities to engage proposed Approved Subcontractors and other Subcontractors, is to be transferred to the AIC Schedule within the AIC Plan for any resultant Contract.

Table G-2: Australian Industry Capability Schedule

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Entity Name | ACN/NZCN (if applicable) | Scope of Work to be conducted in Australia or New Zealand and/or by each Australian Entity | Location | SME (yes/no) | Veterans (yes/no) |
| a. | b. | c. | d. | e. | f. |
| 1. […Contractor…] |  | 1. [… Cross-refer to the response to TDR G-1.1 …] |  |  |  |
| 1. […Approved Subcontractor A…] |  | 1. [… Cross-refer to the response to TDR G-1.1 …] |  |  |  |
| 1. [… Entity C (Subcontractor to Approved Subcontractor A)…] |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |

Notes for Table G-2:

1. Entity Name: The name of the company or other entity if known. If the tenderer expects to subcontract that element of the work, but no subcontractor has yet been identified, insert ‘To be determined’.
2. ACN/NZCN: If applicable, the Australian Company Number or New Zealand Company Number.
3. Scope of Work: A brief description (eg, 2-3 bullet points) of the scope of work to be performed in Australia or New Zealand and/or by each Australian Entity, including the approximate timing(s) / timeframes when the work will be undertaken and, if applicable, cross-references to AIAs. For the tenderer and each proposed Approved Subcontractor, cross-refer to the brief description of the work scope provided in response to TDR G-1.1a. If a particular Subcontractor, which is not an Australian Entity, is not performing any work in Australia or New Zealand, enter ‘Nil’ in this cell.
4. Location: The location(s), including post code(s), where the majority of work is to be performed. For the tenderer and proposed Approved Subcontractors, this information should be consistent with provided in response to TDR E-1.1 and TDR A-3.
5. SME: Is the organisation a Small-to-Medium Enterprise (yes/no)?
6. Veterans: Has the organisation signed the Veteran’s Employment Commitment (yes/no)? (refer: [www.veteransemployment.gov.au](http://www.veteransemployment.gov.au))