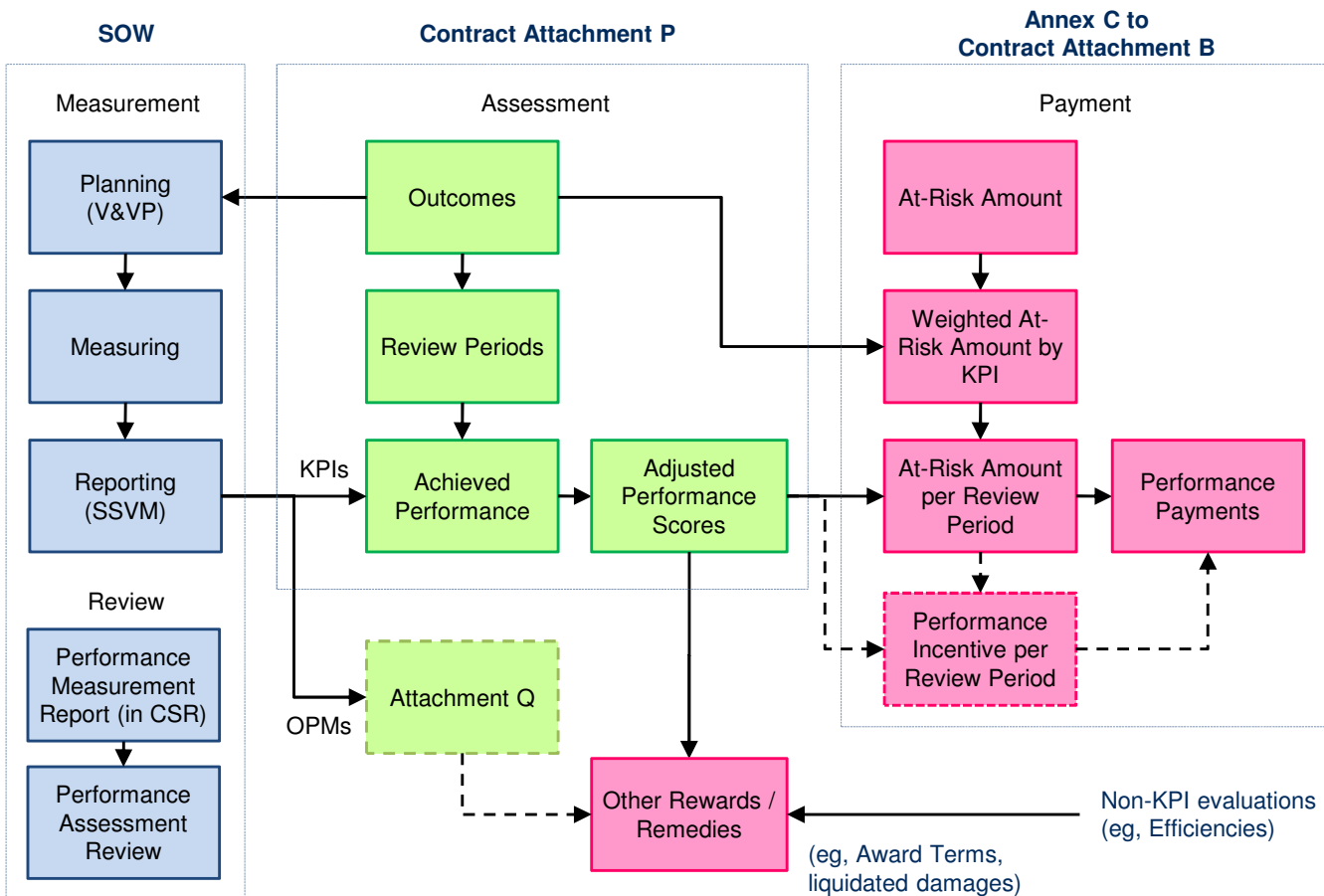


ASDEFCON (Support) v3.0 Performance Management Framework

ASDEFCON (Support) v3.0 is an Productivity and Performance Based Contract (PPBC) template, which combines elements for managing performance and improving productivity. The performance management framework links required outcomes to measurement processes and contractor rewards and remedies. This framework is embedded into the template, with elements in the tender requirements, conditions of contract (COC), statement of work (SOW) and other attachments. The following diagram outlines the main components of the performance management framework.



Summary:

Defence's desired capability outcomes, the contributing contract outcomes, and the definition of Key Performance Indicators (KPIs) and their Review Periods, are included within Attachment P. Different KPIs can have different Review Periods.

Performance measurement activities are included as Verification and Validation (V&V) activities, conducted in accordance with SOW clause 10 and the Approved V&V Plan. A Support Services Verification Matrix (SSVM) reports the results at the end of each reporting period (there may be one or more reporting periods per Review Period).

At the end of a Review Period, the reported results are used to calculate the Achieved Performance, which is converted into an Adjusted Performance Score (APS), in accordance with Attachment P.

In the price and payments schedule at Attachment B, the At-Risk Amount is identified, and how much of it is applied to each KPI, for each Review Period, is defined. Optional Performance Incentives may also be defined for additional performance against individual KPIs.

Performance Payments, for each Review Period, are calculated from the APS and the At-Risk Amount per Review Period for each KPI. If applicable, Performance Incentives are also calculated as an additional percentage of the At-Risk Amount, when the At-Risk Amount is already fully earned.

A Performance Measurement Report is delivered to the Commonwealth, stating the performance results and calculated Performance Payments. The report may identify claims for performance relief, for adverse circumstances beyond the contractor's control.

A Performance Assessment Review is convened to discuss the Performance Measurement Report and to agree the final results that enable the Performance Payment to be made. (Note: portions of the Performance Payment could be made during the Review Period and this meeting would determine the final adjustment).

KPIs, OPMs (defined in Attachment Q) and other evaluations may also be linked to other rewards and remedies, such as Award Terms.

KPIs are the performance measures used to link performance to payment. Although they may not cover the full scope of a contract, KPIs should reflect the contribution made to capability outcomes. Like all performance measures, KPIs should be SMART:

Specific. The Performance Measures and what is actually being measured must be both clearly defined and understandable by all those involved. The measures are not ambiguous or open to interpretation (and, therefore, misinterpretation).

Measurable. The Performance Measures must be easily measurable in terms of the time, effort, and the cost of collecting quality data.

Attainable. The Performance Measures must be achievable, reasonable and credible under the conditions expected.

Relevant. The Performance Measures must be derived from, and act as suitable indicators of, the outcomes required, which includes the notion of adequate scope.

Timely. The Performance Measures must be indicators of current performance requirements. If required, the measures should automatically scale or be adapted to forecast variations in the system or Services without the need for contract change.

Performance Bands

The Achieved Performance result for a KPI, measured for a Review Period, is converted into an Adjusted Performance Score (APS) using calculations for each Performance Band. Performance result in each band, and the impact, are summarised below.

Performance Band I. Results in this band are below the Required Performance Level and will have a small but tangible effect on contract outcomes, reducing the value of the Services provided. In this band, the APS reduces gradually, reducing the Performance Payment as a disincentive.

Performance Band II. Results in this band may be tolerable in the short term, but not in the longer term. To strongly discourage these significant reductions in performance, the APS and resulting Performance Payments reduce more rapidly, until reaching zero.

Performance Band III. This band represents levels of performance that are negligible in value as the required outcomes cannot be obtained. No Performance Payment is payable for results in this band (ie, APS = 0%) and other remedies may be applied. Results in this band are likely to represent an irrecoverable failure, and may lead to the termination of the contract for default.

Performance Band IV. Results in this band are desirable, as the Achieved Performance equals or exceeds the Required Performance Level and the outcomes from the contract enable required outcomes to be met. An optional Performance Incentive may be paid on some KPIs for results in this band.

Formulae are used to determine the APS within each Performance Band. These are defined in Attachment P, and shown graphically below.

