GUIDANCE PAGES TO BE DELETED WHEN PUBLISHED

ASDEFCON (SUPPORT)

SECTION 1: GUIDANCE for DSD-SUP-SERV

(ROUTINE supply SERVICES)

Status: Core (to Contracts requiring Supply Services)

Purpose: Refer to ‘Description and Intended Use’, clause 3.

Policy: Refer to clause guidance

Guidance: This DSD is the ‘head’ or ‘lead’ Supply Support DSD and must be used if Supply Services are required under the Contract. The DSD may be used as a stand-alone DSD (eg, for smaller-scale support contracts) or as the head DSD of an integrated set of Supply Support DSDs. The DSD includes a number of optional clauses, some of which would be deleted or modified if the other DSDs are used. The relationships between the DSDs and between this DSD and particular SOW clauses are explained in the guidance provided with this DSD, along with additional tailoring guidance.

**Supply Management**

The requirement for the management of Supply Support activities should be addressed either within the Supply Support Plan (SSP), as per CDRL line SUP-100, or as a sub-plan rolled up into the Support Services Management Plan (SSMP) delivered in accordance with CDRL line MGT-100. This DSD also contains management requirements, such as the need for a Contractor Supply Management System; however, use of the Military Integrated Logistics Information System (MILIS) to manage stock is covered by DSD-SUP-MILIS.

**Procurements**

This DSD clarifies that the Contractor is responsible for the procurement of Non-RIs used in the Maintenance Support it provides. For procurement as a Service, refer to DSD-SUP-PROC. This DSD, DSD-SUP-PROC and DSD-SUP-MILIS, must be tailored consistently for Services to procure Stock Items, and the level of MILIS access to be provided.

**MILIS Use**

Although reference to MILIS is included in this DSD, DSD-SUP-MILIS must be included in the Contract for Contractor access to MILIS. Accordingly, this DSD and others must be tailored consistent with the MILIS access provided under DSD-SUP-MILIS. If considered beneficial (and without duplicating DSD-SUP-MILIS clauses), drafters may further tailor clauses in this DSD to identify the use of MILIS in performing functions described in this DSD.

**Codification and Cataloguing**

DEFLOGMAN Part 2 Volume 5 Chapter 5, ‘*Item Identification and Recording of Defence Logistics Assets* in support of the Military Integrated Logistics Information System’ is clear policy direction regarding the requirement to codify and catalogue Stock Items owned by the Commonwealth. Drafters should also consider Contractor-owned Stock Items to be codified in order to cater for distribution through the Defence Supply Chain, including distribution to a foreign country. Codification and Cataloguing requirements are addressed in DSD-SUP-SACC.

**Warehousing and Distribution**

Under this DSD the Contractor is required to deliver items to the Commonwealth. Refer to DSD-SUP-W&D for Contractor-provided Warehousing and / or Distribution Services requirements.

**Stocktaking**

Although stocktaking is a Supply Support function, the approach to accounting for Defence assets throughout the ASDEFCON templates means that this function is addressed in SOW clause 3.11.6.

**Foreign Military Sales**

Although US Foreign Military Sales (FMS) is traditionally seen as a Supply Support issue this template acknowledges that, in most cases, access to supplies and services from this government-to-government agreement must be conducted through CASG rather than directly by the Contractor. Accordingly, Contractor access to Supplies obtained through FMS is addressed in SOW clause 3.18.

Related Clauses/ Documents:

Draft SOW clause 3.11.6, Assurance and Stocktaking of Contractor Managed Commonwealth Assets

Draft SOW clause 3.18, Access to Foreign Military Sales

DID-SUP-SSP, which defines requirements for the SSP, or DID-SSM-SSMP for the SSMP, which may include supply support planning when a stand-alone SSP is not required.

Each of the other Supply Support DSDs

Optional Clauses: None

6.2.1 General

Status: Core

Purpose: To require the Contractor to perform Supply Services in accordance with the applicable references and work in a manner that integrates with the Defence Supply Chain.

Guidance: Clause 6.2.1.1 requires the Contractor to follow the applicable documents, particularly when interfacing with the Defence Supply Chain. The drafter should ensure that the references listed under clause 5 are correct and up to date.

Clauses 6.2.1.2 and 6.2.1.3, which have similar clauses in other head DSDs, require the Contractor to maintain a schedule of relevant activities and to provide a copy of that schedule to the Commonwealth when requested. This is a working-level schedule but should be consistent with a Support Services Master Schedule (SSMS), if one is included in the Contract.

Clause 6.2.1.4 requires the Contractor to acknowledge that it is part of a larger supply chain and that it has a substantial role in ensuring that the entire supply chain operates efficiently and effectively to meet operational demands. This involves the effective integration of a number of Supply support activities, as highlighted in the subclauses, which relate to other parts of this DSD and other DSDs. Clause 6.2.1.4 may be amended where aspects of supply listed in the subclauses have not been included in the Contract (through this and other DSDs).

Related Clauses/ Documents:

All other clauses within this DSD

DID-SSM-SSMS

Optional Clauses: None

6.2.2 Requirements Determination

Status: Optional

Purpose: To require the Contractor to undertake Requirements Determination activities to meet the sustainment requirements of the Contract.

Policy: DEFLOGMAN Part 2 Volume 5 Chapter 3, *Australian Defence Force Requirements Determination and Management of Reserve Stocks*

Guidance: The drafter should refer to the Glossary to determine the difference between Stock Assessment and Requirements Determination. The clauses included in this DSD ensure that it is clear that the Contractor is responsible for on-going Requirements Determination activities. If Requirements Determination is not a requirement of the Contract (eg, will be undertaken by SPO staff) then the clauses under the heading clause 6.2.2 can be deleted and replaced with a single ‘Not used’.

The determination of both Commonwealth-owned and Contractor-owned Stock Items to be listed in Annex A to the SOW should be (or should have been) an output of the Contract (Acquisition), and should include Surge requirements when applicable. Alternatively, if the Contract is following a period of in-service support (either Commonwealth or Contractor), then Requirements Determination should use existing records where these reflect current operating requirements and conditions (and, therefore, the current rate of Stock Item use). If Requirements Determination makes use of Defence-owned Software (not essential) the ESCM Volume 4 Section 2, *Requirement Determination* provides procedural guidance.

Clause 6.2.2.1 describes the intended scope of Requirements Determination in relation to routine forecasting of stock demands and outages. This clause should be tailored if the scope will be more limited than that identified.

Clauses 6.2.2.2 and 6.2.2.3 enable the update of SOW Annex A, via CCP, based on the results of Requirements Determination. These clauses may not be required if Stock Assessment is to be performed in accordance with DSD-SUP-SACC in order to analyse and optimise Stock Item holdings. However, it is possible for both Requirements Determination and Stock Assessment to be included in the Services, for different purposes.

Two optional clauses 6.2.2.4 and 6.2.2.5 are included if the Contractor will be tasked with recommending changes, as a result of Requirements Determination, to the maximum and minimum stockholding levels of Non-RIs that are identified in MILIS for Contractor-controlled and Commonwealth warehouse(s). This option is dependent on the Contractor having access to MILIS (through DSD-SUP-MILIS).

The requirement for the Contractor to assess the implications for Stock Items associated with changes to the Contract or for new or modified Products, or other changes (eg, changes to operational requirements) should be determined using DSD-SUP-SACC. Where the Stock Items are provided to Defence and must be procured by the Contractor to maintain stock levels that have been revised through Requirements Determination or Stock Assessment, refer to DSD-SUP-PROC. Note also that DSD-SUP-PROC clauses (which refer to Stock Assessment) may require revision if Requirements Determination is to be used instead of Stock Assessment as the basis for setting stock levels. As stock levels are identified in MILIS, this DSD also interacts with the requirements of DSD-SUP-MILIS.

The drafter should note that Requirements Determination for Contractor-owned Stock Items is, in the main, a Contractor responsibility. Nevertheless, where there are implications for the Contract (eg, the price is affected), DSD-SUP-SACC also caters for this situation.

Related Clauses/ Documents:

DSD-SUP-MILIS, Military Integrated Logistics Information System Use

DSD-SUP-PROC, Procurement Services

DSD-SUP-SACC, Stock Assessment, Codification and Cataloguing

Optional Clauses: None

6.2.3 Procurement of Non‑RIs

Status: Optional

Purpose: To require the Contractor to undertake procurement of Non‑RIs to meet the Maintenance Support requirements of the Contract.

Policy: DEFLOGMAN Part 2 Volume 5 Chapter 4, *Defence Procurement Routing Rules in Support of the Military Integrated Logistics Information System*

ESCM Volume 4 Section 5, *Requisitioning*

Guidance: Clause 6.2.3 of this DSD makes it clear that the Contractor is responsible for procuring its own Non‑RIs, as necessary, to meet the Maintenance Support requirements of the Contract. In smaller scale contracts this may be all of the procurement activity that needs to be defined in the Contract. If, however, these procurement activities are covered under DSD-SUP-PROC and/or by using MILIS, through DSD-SUP-MILIS, then this clause should be deleted (replaced with ‘Not used’) or modified for the applicable scope.

If the Contractor will obtain some Non-RIs from Defence (eg, an element of the Contractor’s organisation located in GFF and accessing Non-RIs from a Defence store) then the clause may be amended to reflect the different processes at different sites.

Procurement of Stock Items is addressed in both DSD-SUP-PROC (when the Stock Items are procured outside of MILIS) and DSD-SUP-MILIS (if the Stock Items are procured through MILIS). DSD-SUP-PROC and DSD-SUP-MILIS allow for the procurement of Non-RIs that have been Approved for purchase and that can be supplied to Defence units as customers or used by the Contractor in the performance of Services, such as Maintenance. Hence, these DSDs may cover all of the Non-RIs procured by clause 6.2.3, in which case this clause can be deleted. However, the clause may still be required for a limited number of Non-RIs not accessible through those other avenues, in which case the clause should be amended to identify its limited scope.

Procurement of Stock Items to be owned by the Contractor would generally be outside of the purview of the Commonwealth Representative; however, for Stock Items considered to be of significant interest (ie, Stock Items which are subject to technical regulation or which have strategic importance), DSD-SUP-PROC or DSD-SUP-MILIS should be used.

Related Clauses/ Documents:

DSD-SUP-PROC, Procurement Services

DSD-SUP-MILIS, Military Integrated Logistics Information System Use

Optional Clauses: None

6.2.4 Management of Reserve Stocks

Status: Optional

Purpose: To require the Contractor to maintain the RSLs specified in the Contract.

Policy: DEFLOGMAN Part 2 Volume 5 Chapter 3, *Australian Defence Force Requirements Determination and Management of Reserve Stocks*

Guidance: The drafter should note the definition for Reserve Stock in the Glossary. In certain circumstances, it will be necessary to specify a level of Reserve Stock to be held by the Contractor to meet Surge requirements (primarily for a Contingency), which enables preparedness requirements to be met in accordance with DEFLOGMAN Part 2 Volume 5 Chapter 3. If there is no requirement for the Contractor to hold or maintain RSLs under the Contract, the clauses below the heading clause 6.2.4 should be deleted and replaced with a single ‘Not used’.

RSLs should be initially set by the Commonwealth and listed in SOW Annex A (as entries in an RSL column within each applicable table), as part of developing the RFT. This will ensure that the tenderers are able to assess stock holding and related inventory management requirements. Updates to RSLs may be recommended by the Contractor in accordance with DSD-SUP-SACC.

This clause covers the requirement to maintain RSLs, as listed in SOW Annex A, and the conditions for the release of reserve Stock Items. The conditions for release of reserve stock should be amended, as required, to reflect the business practices of the logistics managers / SPO and the specific process that would be applicable to the Contract,

Following a period of Surge, where the use of reserve stock (ie, ‘breach’ of RSLs) has been authorised, the Contractor will need to recover Stock Item holdings to the RSLs, within the shortest possible time, based on:

1. for RIs, the Turn-Around-Time (TAT); and
2. for Non-RIs, the delivery lead time; or
3. some other time agreed between the parties.

The drafter will need to pay special attention to this requirement as many Stock Items, which constitute the RSL, may take some time to come back into the Contractor’s control, especially if the Stock Items have been moved offshore. In such circumstances the subclause list under clause 6.2.4.2 may require further development.

Related Clauses/ Documents:

Annex A to the SOW

DSD-SUP-SACC, Stock Assessment, Codification and Cataloguing

Optional Clauses: None

6.2.5 Care for Contractor-held Stock Items in Storage

Status: Optional

Purpose: To require the Contractor to care for Contractor-held Stock Items held in storage, including undertaking Maintenance of those Stock Items.

Policy: TBD

Guidance: This clause is a generic clause, requiring the Contractor to take due care of Contractor-held Stock Items (both Commonwealth-owned and Contractor-owned) whilst in storage. Drafters should note that a general liability for Stock Items is addressed in the COC and care of all CMCA under SOW clause 3.11.3. If not required, the clause below the heading can be deleted and replaced with ‘Not used’.

Care, including Maintenance when in Storage, is addressed in this clause. If the Products require more significant preservation and Preventive Maintenance, including specified procedures for the preparation and retrieval from long-term storage, then drafters should use the Long Term Storage requirements at clause 6.2.4 of DSD-SUP-W&D. If all such requirements will be covered through DSD-SUP-W&D then this clause may be deleted and replaced with ‘Not used’.

While maintenance in storage applies primarily to Commonwealth-owned Stock Items, the drafter should consider whether a subset of Contractor-owned Stock Items should also be addressed. Such Stock Items may be those that have significant technical regulatory implications.

Drafters should refer to the Glossary for the difference between Storage and Warehousing.

Related Clauses/ Documents:

COC clause 10.8, Loss of or Damage to Commonwealth Property.

SOW clause 3.11.3, Care of Contractor Managed Commonwealth Assets.

DSD-SUP-W&D, for long term storage requirements.

Optional Clauses: None

6.2.6 Delivery of Stock Items

Status: Optional

Purpose: To require the Contractor to deliver Stock Items to the delivery points defined in the Contract.

Policy: ESCM Volume 4 Section 5 Chapter 4, *Australian Standard Materiel Issue and Movement Priority System*

Guidance: This clause would be required in most Contracts that include Supply Services; however, if the provision of Stock Items will only be Defence Personnel going directly to Contractor-operated stores (ie, in GFF or otherwise located near the Defence unit), then this clause may not be required and all subclauses can be deleted and replaced with a single ‘Not used’.

Clause 6.2.6.1 states the requirement for the Contractor to satisfy Demands placed by persons authorised by the Commonwealth Representative within the required delivery times, unless clause 6.2.6.2 applies. The Commonwealth Representative will need to notify the Contractor of persons able to place Demands and may refer to all MILIS users who are authorised to place Demands against the applicable product designation codes. Note that some of these authorised MILIS users may be other Commonwealth contractors using the same Products (ie, Associated Parties). If the Contractor will not have MILIS access then the Commonwealth Representative will need to notify the Contractor of the persons authorised to make Demands via another means. In this case, the drafter could include a list of potential authorised persons with the RFT, if this is likely to help tenderers to scope the work requirements for the Contract.

Clause 6.2.6.2 qualifies that the Contractor does not have to deliver quantities of Stock Items that exceed the maximum Stock Item holdings identified for the unit demanding them. However, the additional Stock Items are to be delivered if approved by the Commonwealth Representative. This clause requires Contractor visibility of maximum Stock Item levels, typically via the maximum levels allocated to the particular MILIS warehouse. If the Contractor will not have MILIS access and it is otherwise impractical to provide this information, the clause and the reference to it in clause 6.2.6.1 should be removed.

To be informed of Demands the Contractor requires visibility of ‘Due Outs’ reports. There are essentially two options here, direct visibility through MILIS or reports provided on a regular basis by the Commonwealth, as included in the subclauses of clause 6.2.6.3. The clause should be tailored for the preferred approach and the process to be followed (eg, how often Due Outs Reports will be provided, what days of the week, etc). While it is possible that the Contractor will not have MILIS at every site and both options would be possible, general preference is to have the Contractor responsible for monitoring Due Outs where possible. Subclause c allows for more urgent demands to be advised by alternative means with the formal Demand paperwork to follow.

Clause 6.2.6.5 requires the Contractor to acknowledge the priority demand system and that it may not be the only party in the supply chain. Accordingly, the clause requires the Contractor to work in a way that allows for the delivery date to be satisfied when involvement of other parties is taken into consideration.

The final two draft clauses, 6.2.6.6 and 6.2.6.7 identify or refer to details of delivery points, Drafter should ensure that Attachment C, Delivery Schedule, includes the delivery points and, when applicable, Freight Distribution Centres.

The final, optional, clause is to deliver Stock Items to the nearest Freight Distribution Centre during times of Contingency - this applies to deployable systems and related Stock Items only. This requirement enables the Contractor to access the Defence supply chain at the nearest point of entry and, therefore, to use the Defence Warehousing and Distribution (DW&D) contract to achieve distribution to the required location. If the system is not deployable this option can deleted (and the preceding clause amended), or if retained it can be overridden by the Commonwealth Representative at any time, if not applicable.

Related Clauses/ Documents:

Attachment C, Delivery Schedule

DID-SUP-SSP or DID-SSM-SSMP, as the DIDs for the governing plan

DID-SSM-SMP, which specifies requirements for a Surge Management Plan, which should identify changes to Supply processes under Surge conditions.

DID-PM-MGT-SAC, Supplies Acceptance Certificate and COC clause 6.8, Acceptance.

DSD-SUP-W&D, Warehousing and Distribution.

Optional Clauses: None

6.2.7 Contractor Supply Management System

Status: Optional

Purpose: To require the Contractor to utilise its own Contractor Supply Management System for the management of Stock Items.

Policy: TBD

Guidance: The drafter should note that the ESCM defines inventory as Commonwealth-owned items only; hence, the use of the broader term Stock Item in this template. The Contractor will use either his own system (Contractor Supply Management System) or MILIS for the management of Commonwealth-owned Stock Items. It is not desirable for the Contractor to have to use two systems for the support of the one set of Products (noting that the Contractor will have to use its own system for Contractor-owned Stock Items); however, it is equally undesirable for the Commonwealth to operate a parallel system in conjunction with the Contractor Supply Management System and thereby insert itself in the middle of the Contractor’s process for no real gain. Additionally, all Stock Items owned by the Commonwealth need to be accounted for in a system which satisfies the Commonwealth’s statutory obligations. MILIS fulfils that requirement within Defence.

The drafter needs to take cognisance of these issues before a decision is made to ‘force’ the Contractor to use MILIS. The specific requirements of the Contractor once MILIS has been mandated are addressed in DSD-SUP-MILIS.

If all Stock Item control and management by the Contractor can be performed using MILIS (from the start of the Contract / OD), then this clause may not be required and the clauses below the heading can be deleted and replaced with a single ‘Not used’.

In many cases this clause will be required for use, with and/or without Contractor use of MILIS in accordance with DSD-SUP-MILIS (and other tailored DSDs, including this one). When included, drafters need to review the Stock Item that will be applicable (clause 6.2.7.1) and the functionality required (clause 6.2.7.2) and amend these clauses for individual Contract needs.

Related Clauses/ Documents:

Clauses 6.2.2, 6.2.3, 6.2.6, 6.2.8, 6.2.9 of this DSD and clauses in other Supply Support DSDs that are tailored for the inclusion of MILIS.

DID-SUP-SSP or DID-SSM-SSMP, as applicable

DSD-SUP-MILIS, Military Integrated Logistics Information System Use, which defines both access and the scope of MILIS use.

Optional Clauses: None

6.2.8 Obsolescence Management

Status: Optional

Purpose: To require the Contractor to implement an Obsolescence management program.

Policy: DEFLOGMAN Part 2 Volume 5 Chapter 7, *Defence Policy on Obsolescence Management*

Guidance: The drafter should note the definition for Obsolescence in the Glossary, as well as the definitions for Obsolescent, Obsolescent Item, Obsolete and Obsolete Item. The definitions for Obsolescent Item and Obsolete Item relate to the use of the term under the ESCM. The Commonwealth needs to know when (preferably before) any Stock Item:

1. becomes difficult to procure;
2. will commence its final production run; or
3. is soon to be superseded by a like item.

It can be preferable for the Contractor to implement a proactive, rather than reactive (wait and see) Obsolescence monitoring program; however, in some circumstances, a reactive program has merits. For example, a reactive program may be preferable when the technology of the equipment under review is low (eg, cars, trucks, cranes, etc). A reactive program should involve a risk analysis before implementation.

If the Commonwealth undertakes an Obsolescence monitoring and management program without the need for proactive Contractor input, then the clause may not be required and the clauses below the heading can be deleted and replaced with a single ‘Not used’.

The drafter should note the guidance that is contained in DEF(AUST) 5691, Logistic Support Analysis, particularly task PL5, Post Production Support Analysis. The Commonwealth is likely to be equally interested in Obsolescence of Contractor-owned Stock Items as well as Obsolescence of Commonwealth-owned Stock Items, particularly if there are significant implications for the Commonwealth associated with Contractor-owned Stock Items.

Related Clauses/ Documents:

DID-SUP-SSP or DID-SSM-SSMP, as applicable

DSD-ENG-SERV, for engineering investigations into Obsolescence and related parts substitution or modification options.

Optional Clauses: None

6.2.9 Disposal

Status: Optional

Purpose: To require the Contractor to undertake Disposal activities in accordance with Defence policy.

Policy: DEFLOGMAN Part 2 Volume 5 Chapter 10, *Defence Disposal Policy*

ESCM Volume 4 Section 7 Chapter 1, *Disposal of Defence Assets*

Guidance: The Contractor may be required to dispose of a range of surplus Stock Items during the course of the Contract. Commonwealth interest in the disposal of Contractor-owned Stock Items would usually be related to meeting environmental and safety issues which are covered in the SOW at clause 12, unless there are other implications for the Contract. The Contractor may need to dispose of Commonwealth-owned Stock Items which:

1. are no longer needed to support the ADF;
2. are excess to requirements;
3. are unsuited for use because of Obsolescence or expired shelf life;
4. can be provided by alternate means in a more economic manner; or
5. are Beyond Economic Repair (BER) or Beyond Physical Repair (BPR).

The drafter should note the requirements and delegations for stores write offs in DEFLOGMAN Part 2 Volume 5 Chapter 10*, Defence Disposal Policy*, and ensure these are woven into the Contract.

If Disposal Services are not a requirement of the Contract (meaning that some items may need to be returned to the Commonwealth for Disposal) then the clauses below the heading can be deleted and replaced with a single ‘Not used’.

If included in the Contract, drafters should review and amend the clause, as necessary, including in relation to the preparation or availability of a Disposal Plan (or one prepared by the Commonwealth) and the use of MILIS including a ‘Disposal Supply Customer Account’ to record disposal actions.

Related Clauses/ Documents:

COC clause 10.7, Loss of or Damage to the Deliverables and Products Being Supported.

DID-SUP-SSP or DID-SSM-SSMP, as applicable.

DSD-SUP-MILIS, MILIS Use.

DSD-MNT-MGT for items identified as BER and/or BPR during Maintenance.

Optional Clauses: None

6.2.10 Support System Supportability Analysis

Status: Optional

Purpose: To require the Contractor to undertake specific Support System Supportability Analysis activities.

Policy: TBD

Guidance: The Support System Supportability Analysis activities defined in the template require the Contractor to monitor and analyse a specific set of Support System parameters relating to the Stock Items managed by the Contractor.

If there is no requirement for these kinds of analyses (eg, all conducted by the SPO), then the clauses below the heading can be deleted and replaced with a single ‘Not used’.

If included in the draft Contract, drafters should amend these analysis activities to define a set appropriate to the nature, scope and requirements of the Contract. Drafters should also note that agreed outcomes from these activities could be subject to inclusion within the cost of Recurring Services, at Contractor expense, or performed as an S&Q Service, depending on the required actions to implement those agreed outcomes.

Related Clauses/ Documents:

Draft SOW clause 13.4, Cost Modelling

DSD-ENG-SERV, Supportability and Engineering Analysis clause

DSD-SUP-SACC, Stock Assessment clause

DID-SUP-SSP or DID-SSM-SSMP, as applicable

Optional Clauses: None

Detailed Service Description

1. DSD NUMBER: DSD-SUP-SERV-V5.0
2. TITLE: ROUTINE SUPPLY SERVICES
3. DESCRIPTION and intended use

This DSD describes the routine Supply Services required to be provided by the Contractor for the following types of Items, as applicable:

Commonwealth-owned Stock Items;

Contractor-owned Stock Items; and

Software.

Note to drafters: Amend the following subclauses to align with the scope of the tailored DSD.

This DSD is intended to be the head or lead DSD for Supply Support, and is applicable where the Contractor is required to provide routine Supply Services, such as:

Requirements Determination;

procurement of Non-RIs;

management of Reserve Stocks;

care, including Maintenance, of Stock Items while in storage;

the delivery of Stock Items to satisfy Demands;

disposal;

Obsolescence management; and

analyses of Supply Support in respect of supportability.

1. INTER-RELATIONSHIPS

This DSD forms part of the SOW.

This DSD must be applied in conjunction with Supply Services defined in the Supply Support requirements of the SOW and the related DSDs.

1. Applicable Documents

The following documents form a part of this DSD to the extent specified herein:

Note to drafters: Edit the list of documents in the table below to suit the requirements of this DSD (ie, include the relevant references that are applicable to routine Supply Services). Do not include reference to Defence policy (eg, DEFLOGMAN) unless the obligations for contractors are explicitly set out in the referenced policy; otherwise, these types of documents can be open to interpretation within a contract.

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| 1. ESCM | 1. DEFLOGMAN Part 3, *Electronic Supply Chain Manual* |

1. Service Description
   1. Introduction
      1. Scope of DSD

Note to drafters: Amend the following clause to align with the scope of Supply Services required under the Contract.

The Contractor shall provide routine Supply Services, as described in this DSD, for the following types of Items listed in Annex A to this SOW:

Commonwealth-owned Stock Items;

Contractor-owned Stock Items; and

Software.

* 1. Services
     1. General

Note to drafters: If only a portion of the Applicable Documents listed in clause 5 are applicable, then the following clause would need to be modified to ensure that only the applicable portion of each of the documents is mandated on the Contractor.

The Contractor shall provide routine Supply Services in accordance with the applicable documents listed in clause 5 of this DSD.

The Contractor shall maintain a schedule of known routine Supply activities, projecting work effort for a period of not less than one year in advance, or until the end of the Contract period where that is less than one year.

The Contractor shall provide a copy of the Contractor’s Supply schedule in the format requested and within five Working Days (or other timeframe agreed between the parties) of a request for a copy of this schedule from the Commonwealth Representative.

Note to drafters: Include the following clause if the DW&D contractor will be used to distribute Stock Items between the Contractor (and Subcontractors) and the Commonwealth. Amend the subclauses to align with the other requirements of the Contract.

The Contractor acknowledges that, notwithstanding that the Commonwealth is responsible for distribution of Stock Items through the Defence Supply Chain (eg, through the Defence Warehousing and Distribution (DW&D) contract), the Contractor plays a substantial role in ensuring that the overall supply chain (including Defence, the Contractor and Subcontractors) operates efficiently and effectively to meet operational demand, including (in addition to the explicit roles and responsibilities set out elsewhere in the Contract):

by ensuring that all Stock Items that could be demanded by the Commonwealth are appropriately codified and catalogued within MILIS;

by monitoring applicable performance characteristics of the supply chain (eg, delivery lead time, TAT and Stock Item outages) to ensure that the supply chain is operating effectively and efficiently and that any identified problems are proactively addressed to ensure that they do not recur;

by establishing minimum and maximum Stock Item holding levels for Non-RIs at appropriate points in the supply chain to ensure that Stock Items are available, when required, within acceptable levels of risk;

procuring the necessary Stock Items for use by the Contractor in the performance of the Services and by Defence units placing authorised Demands for those Stock Items, as applicable;

by processing Commonwealth Demands for Stock Items in a manner and within a timeframe that enables the Demand to be satisfied within the required time, including in accordance with this clause 6.2.6;

by maintaining open, clear and continual communications with Subcontractors to ensure that the lower-tier elements of the supply chain are operating effectively;

by managing a Warehouse of Contractor-owned Non-RI Stock Items that are used to resupply the Commonwealth upon a Demand being submitted;

by managing a Warehousing and Distribution system that ensures the protection and preservation of Stock Items, enables the satisfaction of Demands in a timely manner and, when applicable, integrates with the Defence Supply Chain;

by monitoring Obsolescence, in accordance with clause 6.2.8, so that Stock Items that are likely to become difficult to obtain are proactively identified and that a resolution is quickly progressed; and

by liaising with ADF and other Commonwealth Personnel (as authorised by the Commonwealth Representative) to ensure that any issues with the Defence portion of the overall supply chain are appropriately addressed.

* + 1. Requirements Determination

The Contractor shall conduct the following activities for the Items listed at clause 6.1.1.1:

Requirements Determination relating to the need to induct RIs into the repair pipeline or to redistribute RIs to meet forecast demand; and

Requirements Determination relating to the need to procure Non‑RIs to meet forecast demand.

Note to drafters: The following two clauses are optional; however, they should be included in the draft Contract if the Stock Assessment requirements of DSD-SUP-SACC have not been included. If the requirements from DSD-SUP-SACC have been included then the following two clauses should be deleted and replaced with ‘Not used’.

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| Option: For when Requirements Determination is used as the basis to update Annex A to the SOW.  Subject to clause 6.2.2.3, the Contractor may propose amendments to Annex A to the SOW, with respect to the Reserve Stockholding Levels (RSLs), at any time during the Term.  The Contractor shall provide a Contract Change Proposal (CCP) in accordance with clause 11.1 of the COC to propose an amendment to Annex A to the SOW, and the Contractor shall ensure that the CCP includes such supporting documents as the Commonwealth Representative requires to justify the proposed amendment. |

Note to drafters: The following two clauses are optional and, if included, also require DSD-SUP-MILIS to be included in the draft Contract.

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| Option: Include the following two clauses when minimum and maximum stockholding levels are to be monitored and managed through MILIS.  For all Non-RIs, the Contractor shall propose, for Commonwealth Approval, the minimum and maximum levels of Stock Item holdings within MILIS for each Commonwealth store (including district warehouses and consumable sub-stores) where Materiel System Stock Items are held.  Once the minimum and maximum levels of Stock Item holdings have been Approved pursuant to clause 6.2.2.4, either party may propose changes to these levels and, when this situation occurs, the parties shall negotiate in good faith to agree the required changes. The Contractor acknowledges that the Commonwealth Representative’s decision on the minimum and maximum Stock Item holding levels shall be final and binding on the parties. |

* + 1. Procurement of Non‑RIs

Note to drafters: The following clause is optional and may require amendment to address the specific requirements of the Contract. For example, if all procurement activities, including the Contractor’s own internal procurements, are covered under DSD-SUP-PROC and/or DSD-SUP-MILIS, then the following clause should be deleted and replaced with ‘Not used’. Alternatively, the following clause would require amendment if certain Non‑RIs were to be provided to the Contractor by the Commonwealth (eg, from a Commonwealth store located near GFF).

The Contractor shall procure all Non‑RIs to:

meet the Maintenance Support requirements of the Contract; and

meet the demand requirements for any Non‑RIs, identified in Annex A, that are required to be delivered to the Commonwealth.

* + 1. Management of Reserve Stocks

Note to drafters: If Reserve Stocks are not a requirement of the Contract, the following clauses should be deleted and replaced with a single ‘Not used’.

Subject to clauses 6.2.4.2 and 6.2.4.3, the Contractor shall maintain the RSLs specified in Annex A to the SOW.

Note to drafters: If Surge requirements are not applicable to the Contract, drafters should replace subclause a with ‘Not used’.

The Contractor shall not breach the RSLs specified in Annex A to the SOW, except:

during periods of Surge; or

when the Commonwealth’s operational requirements will be affected; and

the Commonwealth Representative has given prior Approval, in writing, for the breach.

If the RSLs are breached pursuant to clause 6.2.4.2, the Contractor shall recover the RSLs within the shortest possible time, based on:

for RIs, the TAT; and

for Non‑RIs, the delivery lead time; or

some other time agreed between the parties.

* + 1. Care for Contractor-held Stock Items in Storage

Note to drafters: If storage of Stock Items is not a requirement of the Contract, the following clauses should be deleted and replaced with a single ‘Not used’.

The Contractor shall ensure that all Stock Items held by the Contractor, which are subject to deterioration over time (eg, through shelf life, corrosion, desiccant replacement, etc), are subject to an Approved preservation and/or Preventive Maintenance program, as applicable.

* + 1. Delivery of Stock Items

Note to drafters: If there are likely to be a number of personnel authorised to issue demands for Stock Items (eg, personnel at the operating units), including demands issued via MILIS, the Commonwealth Representative may need to define persons who place Demands on the Commonwealth Representative’s behalf, in accordance with clause 2.1 of the COC.

Subject to clause 6.2.6.2, the Contractor shall manage and process each Demand for Stock Items, which has been initiated by a person authorised by the Commonwealth Representative, to ensure that the delivery date specified on that Demand is satisfied.

Note to drafters: If the Contractor will not have visibility of maximum holding levels, clause 6.2.6.2 should be replaced with ‘Not used’ and ‘Subject to clause 6.2.6.2‘ in the above clause should be deleted.

The Contractor will not be obliged to meet Demands for quantities of Stock Items that exceed the maximum Stock Item holding levels allocated to the unit submitting the Demand. In such circumstances, the Contractor shall notify the Commonwealth Representative and, if Approved by the Commonwealth Representative, the Contractor shall then complete the Demand as directed by the Commonwealth Representative.

To ensure that the Contractor has adequate visibility of all Commonwealth Demands that need to be satisfied, by the provision of a Stock Item by the Contractor, the Commonwealth:

Note to drafters: The following subclauses contain options for providing visibility to Stock Item levels and Demands that will depend upon Contractor access to MILIS, a manual process, or a combination of the two (but these cannot be drafted ‘efficiently’ as two distinct options). Drafters are to amend the following sub-clauses if it is known which mechanism will be used to provide visibility. If not known at the time of drafting, it is recommended that both options be retained, that the clauses be amended as required, and a note to tenderers be added to identify the dependencies (eg, optional GFF) leading to this clause being finalised by ED.

shall, for Stock Items held in a Commonwealth store (including district warehouses and consumable sub-stores), provide the Contractor with on-line visibility of Stock Item holding levels via a Commonwealth logistics information system (eg, MILIS);

shall provide to the Contractor either:

on-line visibility of the applicable Commonwealth Demands through a Commonwealth logistics information system (eg, MILIS); or

at least twice per week (not on the same day or on consecutive Working Days), a copy of the report(s) from the Commonwealth logistics information system that identify the applicable Commonwealth Demands (Due Outs Report) as GFD in accordance with clause 3.6 of the COC, clause 3.11 of the SOW and clause 6.2.6.4 of this DSD; and

may, in addition to the mechanisms set out in clause 6.2.6.3b, advise the Contractor of urgent Demands via email, telephone or other mechanism agreed between the parties.

On receipt of the Due Outs Report, the Contractor shall review the report and promptly advise the Commonwealth of any apparent discrepancies or errors. In the event that the Contractor fails to review the report or reviews it, but fails to discern any obvious errors or discrepancies, the Contractor shall not be entitled to rely upon the Commonwealth’s warranty in clause 3.6 of the COC in relation to the Due Outs Report.

The Contractor:

acknowledges that the delivery date specified on each Demand is determined in accordance with the Australian Standard Materiel Issue and Movement Priority System (AUSMIMPS), as set out in ESCM Volume 4 Section 5 Chapter 4; and

shall process each Demand in a timeframe that would enable the Required Delivery Date to be satisfied when taking into account the period of time for the distribution of the Stock Item through the Defence portion of the supply chain, which is the period of time that:

commences when the Contractor delivers the Stock Item to the designated delivery location pursuant to clauses 6.2.6.6 and 6.2.6.7; and

concludes when the Stock Item is received by the unit that submitted the Demand.

Subject to clause 6.2.6.7, the Contractor shall deliver Stock Items demanded by a person authorised by the Commonwealth Representative to the delivery points defined in Attachment C.

Note to drafters: If Contingency provisions are not required, the following clause should be deleted and replaced with ‘Not used’. The phrase at the beginning of the preceding clause should also be deleted.

During periods of Contingency, the Contractor shall deliver Stock Items demanded by the Commonwealth Representative to the Freight Distribution Centre that is closest to the location of the Stock Item, unless otherwise directed by the Commonwealth Representative.

* + 1. Contractor Supply Management System

Note to drafters: This clause 6.2.7 provides for the management of all Stock Items, both Commonwealth-owned and Contractor-owned. If alternative arrangements are proposed, such as management of Commonwealth-owned Stock Items through MILIS only (through DSD-SUP-MILIS), the following clause will need to be amended.

The Contractor shall use an Approved Contractor Supply Management System to manage the following types of Items:

Commonwealth-owned Stock Items;

Contractor-owned Stock Items; and

Software.

Note to drafters: The following clause is used to provide the Commonwealth with a level of visibility of Contractor management of Stock. The following clause should be reviewed and amended to ensure that the functionality defined accords with the needs of the Contract.

The Contractor shall provide the Commonwealth Representative with the following details from the Approved Contractor Supply Management System with each submission of the Supply Support part of the Combined Services Summary Report, as required under the Contract:

serviceable Stock Items held;

dues in;

Stock Items issued;

Stock Items Demanded;

expenditure on Stock Items, including both purchase and repairs;

Stock Items awaiting repair;

Stock Items in transit;

loans;

delivery details;

Stock Items transferred;

serial Stock Items transferred;

serial tracking;

Stock Items repaired in a reporting period;

shelf life Stock Items; and

Stock Items for disposal.

* + 1. Obsolescence Management

Note to drafters: If the management of obsolescence is not a requirement of the Contract, the following clauses should be deleted and replaced with a single ‘Not used’.

The Contractor shall implement an Obsolescence monitoring program, which shall allow it to notify the Commonwealth when:

any Stock Item:

becomes difficult to procure;

will commence its final production run; or

is soon to be superseded by a like Item; and

any Non-Stock Item (ie, Software):

becomes difficult to procure;

is subject to an announced end-of support date or is no longer supported; or

is soon to be superseded by a like Item.

The Contractor shall develop and recommend one or more strategies to deal with any potential Obsolescence of Stock Items and Non-Stock Items, which shall take into account cost, timeframes, effectiveness, efficiency, and Capability implications, and consider the need to:

undertake Life Of Type (LOT) buys of existing Stock Items;

authorise Technical Substitutions for existing Stock Items or Non-Stock Items; or

develop ECPs to redesign or replace existing Stock Items, Non-Stock Items or their parent equipments.

Except where otherwise catered for under the Contract (eg, for the development of ECPs), the Contractor shall implement the Approved strategy pursuant to clause 6.2.8.2 as an S&Q Service.

* + 1. Disposal

Note to drafters: With respect to the following disposal clauses, the drafter’s attention is drawn to DEFLOGMAN Part 2 Volume 5 Chapter 10, ‘Defence Disposal Policy’ and the ESCM, Volume 4 Section 7, ‘Disposals’. The following clauses may require amendment to align with the specific disposal processes for the Materiel System.

Drafters should note that, under ASDEFCON (Strategic Materiel) and ASDEFCON (Complex Materiel), the acquisition contractor is required to develop either a Disposal Plan or a set of Disposal Requirements. Drafters should ensure that this DSD includes appropriate clauses to link the acquisition and support requirements, including maintaining the Disposal Plan.

The Contractor shall develop, deliver and update a Disposal Plan in accordance with CDRL Line Number SUP-300.

When Commonwealth-owned Stock Items need to be considered for disposal, the Contractor shall provide a disposal recommendation to the Commonwealth Representative, which accords with the Approved Disposal Plan, or if not addressed in the Approved Disposal Plan, the disposal directive issued by the designated logistics manager and the unit disposal requirements of the ESCM Volume 4 Section 7 Chapter 1.

The Commonwealth Representative may request the Contractor to administer the disposal of Stock Items where the Commonwealth Representative has agreed with the Contractor's disposal recommendation.

Subject to clause 3.9 of the COC, the Contractor shall implement the Approved disposal recommendation pursuant to clause 6.2.9.3 as an S&Q Service.

The Contractor shall inspect Commonwealth-owned Stock Items, which have been sentenced for disposal, to see whether any of the Stock Items can be disassembled and any parts be used in a recycling / reuse program.

Note to drafters: Select the applicable disposal record in the following clause. If DSD-SUP-MILIS is included in the draft Contract and the Contractor is to have a Disposal Supply Customer Account select the MILIS option, otherwise select the independent disposal register. If the Contractor has access to the MILIS disposal records, then the second sentence may be deleted.

The Contractor shall [… maintain a disposal register / update MILIS disposal records …], to record the details of all Commonwealth-owned Stock Items (excluding Non‑RIs) for which the administration of the disposal has been conducted by the Contractor. The Contractor shall provide the Commonwealth Representative with access to the disposal register promptly upon request.

* + 1. Support System Supportability Analysis

Note to drafters: Amend the list of Supportability analysis activities in the following clause to meet the particular support requirements. If there are no proposed Supportability analysis activities, delete the following clauses and replace with a single ‘Not used’.

The Contractor shall conduct monitoring and analysis of the following elements of the Support System for each of the Stock Items listed at Annex A to the SOW:

for RIs, TAT; and

for Non‑RIs, delivery lead times and Stock Item outages at the Contractor’s in-country Warehouse(s).

The Contractor shall notify the Commonwealth Representative of any issues or risks identified pursuant to clause 6.2.10.1, along with the Contractor’s recommendation for addressing the issues and risks.

The Contractor shall implement the Approved recommendation under clause 6.2.10.2:

within the Recurring Services Fee, for those issues or risks that are provided for elsewhere in the Contract;

as an S&Q Service, for those issues or risks that are not provided for elsewhere in the Contract and in the opinion of the Commonwealth Representative were beyond the reasonable control of the Contractor; or

at no additional cost to the Commonwealth for any issues or risks that are not covered by subclause a or b above.