PRICE AND PAYMENTS (CORE)

Note to tenderers: Attachment B will consist of an amalgamation of information submitted in response to TDR D, this draft Attachment B, the successful tenderer’s response and any negotiated adjustments.

1. GENERAL (CORE)
   1. Attachment B consists of the following clauses and associated Annexes as indicated in Table B-1 below:

Note to drafters: Some Annexes will include a single file with the appropriate pricing table, such as a PDF copy of a worksheet from the Support Short Pricing Workbook (SPTSPW). For Recurring Services, multiple schedules may be included under Annex A in order to to incorproate all Recurring Services worksheets. Update the following table for the Annexes (and schedules) to be included in the draft Contract. Files names may be added prior to ED, when known. The examples below are based on the tabs for worksheets within the SPTSPW and the separate word file for Annex E.

If the draft Contract will signifcantly exceed the expected use of the template, for example, by including Government Furnished Facilities or exceeding A$20m per year (and ‘prescribed ACE percentages’ becoming applicable), drafters should consider using the Support Pricing Workbook and updating this Attachment (and TDR D) to those used for ASDEFCON (Support).

Table B-: Annexes to Attachment B

|  |  |  |
| --- | --- | --- |
| Attachment B  Clause Reference | Associated Annex | Annex File Names |
| 1. 2 2. Recurring Services (CORE) | 1. Annex A 2. Recurring Services | 1. Schedule 1: Recurring Services OD to X 2. *Schedule 2: Recurring Services X to Y* 3. *Schedule 3: Recurring Services Y to Z* |
| 1. 3 2. Task-Priced Services (CORE) | 1. Annex B 2. Task-Priced Services | 1. *Task Priced Services* |
| 1. 4 2. S&Q Services (CORE) | 1. Annex C 2. S&Q Services | 1. *S and Q Services* |
| 1. 5 2. Adjustments (CORE) | 1. Annex D 2. Adjustments | 1. *Adjustments* |
| 1. 6 2. Australian Contract Expenditure (OPTIONAL) | 1. N/A |  |
| 1. 0 2. Annual ACE Value (Core) 3. Note to tenderers: The Annual ACE Value table for any resultant contract will be based on the successful tenderer’s response to Table D-1 of TDR D.    * 1. Table B-4 sets out the annual (or other) pricing periods and the Annual ACE Value in respect of each pricing period to be achieved by the Contractor.   **Table B-4: Annual ACE Value**  (…INSERT the Annual ACE Value table including table notes…)   1. Performance Assessment and Performance Payments (OPTIONAL) | 1. Annex E 2. Performance Assessment and Performance Payments (Optional) | 1. *009\_ASDEFCON\_SPTS\_V3.0\_COC\_ATTB\_ANNE\_PerformanceAssessmentandPerformancePayments* |

* 1. The obligations of the Commonwealth under this Attachment B are subject to:
     + 1. the Contractor making a claim for payment in accordance with clause 7.2 of the COC; and
       2. the other provisions of the Contract.
  2. Except where expressly indicated to the contrary, the amounts set out in or calculated under this Attachment B are inclusive of all costs and other payments associated with providing the Services and carrying out all matters and doing all things necessary for the due and proper performance and completion of the Contract. This includes all licence fees, royalty payments, overseas taxes, duties and charges, Australian (Federal, State and Local Government) taxes including GST, customs and other duties and charges and arranging customs clearance and services of representatives.

1. Recurring Services (CORE)
   1. Introduction
      1. Annex A describes the amounts payable by the Commonwealth to the Contractor for the provision of Recurring Services in accordance with the Contract. The Recurring Services commence from the […INSERT “Effective Date” or “Operative Date”…].
   2. Recurring Services Fee

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| Option A: For when Annex E, Performance Assessment and Performance Payments, is included into the Contract.   * + 1. Subject to clauses 5 and 6 of Annex E to this Attachment B, the Commonwealth shall pay to the Contractor, for the provision of the Recurring Services, the Recurring Services Fee, monthly in arrears. |

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| Option B: For when Annex E, Performance Assessment and Performance Payments, is not included into the Contract.   * + 1. The Commonwealth shall pay to the Contractor, for the provision of the Recurring Services, the Recurring Services Fee, monthly in arrears. |

1. Task-Priced Services (CORE)
   1. Introduction
      1. Annex B describes the amounts payable by the Commonwealth to the Contractor for the provision of Task-Priced Services in accordance with the Contract.
   2. Task-Priced Services
      1. For each Task-Priced Service the Commonwealth shall pay to the Contractor the price for the Task-Priced Service, as specified in Annex B, applicable to the month in which the Task-Priced Service was Accepted in arrears at the end of that month or in such other manner as may be agreed in writing by the parties in respect of that Task-Priced Service.
2. S&Q Services (CORE)
   1. Introduction
      1. Annex C describes the amounts payable by the Commonwealth to the Contractor for the provision of S&Q Services in accordance with the Contract.
   2. S&Q Rates
      1. Annex C sets out the labour categories / skill levels and labour rates for the Contractor's employees for the purpose of S&Q Services. The labour rates apply to:
         1. S&Q Services provided during **[INSERT DEFINITION OF NORMAL TIME]** (**Normal Time**); and
         2. S&Q Services provided at any other times (**Other Time**).
      2. Annex C sets out the mark-up on purchased materials, Subcontract costs and other Direct Costs for the purpose of S&Q Services. Mark-ups for Subcontracts (including Subcontracts for materials) exceeding **[INSERT AMOUNT]** shall be subject to negotiation.

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| Option: Include the following clauses when foreign currencies are applicable.   * + 1. If an S&Q Service will include component costs in foreign currencies, for rates that are not included in Annex C, values are to be quoted in source currency and equivalent Australian dollars (using the Reserve Bank of Australia rate as at the day prior to the submission of the S&Q Quote) inclusive of all applicable taxes and other duties, or as otherwise agreed between the parties.     2. Where an S&Q Quote is submitted that includes amounts priced in foreign currencies, and equivalent Australian dollar amounts determined in accordance with clause 4.2.3, the Commonwealth may elect to pay any amounts under any resulting S&Q Order in either source currency or Australian dollars, as applicable. |

* 1. Not-To-Exceed S&Q Services
     1. This clause applies to an S&Q Service to the extent that the S&Q Order specifies a Not-To-Exceed basis for pricing and payment.
     2. The Commonwealth shall, for each Not-To-Exceed S&Q Service, pay to the Contractor, monthly in arrears, the lesser of:
        1. the cost incurred by the Contractor in performing the S&Q Service, calculated using the labour rates specified in Annex C and by applying the mark-up specified in Annex C to materials, Subcontracts and other Direct Costs (where applicable); or
        2. the Not-To-Exceed price set out in the S&Q Order.
  2. Firm Price S&Q Services
     1. This clause applies to an S&Q Service to the extent that the S&Q Order specifies a firm price basis for pricing and payment.
     2. The Commonwealth shall, for each firm price S&Q Service, pay to the Contractor, monthly in arrears, the following:
        1. if the Contractor achieves a milestone specified in the S&Q Order, the amount specified for the milestone in the S&Q Order;
        2. upon Acceptance of the S&Q Service (and Acceptance of any associated Deliverables), any amount specified in the S&Q Order as being payable upon Acceptance; and
        3. any other amount specified to be payable in accordance with the S&Q Order.

1. Adjustments (CORE)

Note: Agreements reached as a result of workplace enterprise bargaining are not considered to be awards for the purposes of the formula set out below.

* 1. General
     1. In this clause 5, the following interpretations apply:
        1. when applicable, the pricing tables in the Annexes to this Attachment are adjusted from the Adjustment Date, in accordance with clause 7.3 of the COC;
        2. the price for a Service is the price applicable to the period of when the Service was performed, not the date of the invoice (ie, if the invoice was submitted subsequent to the Adjustment Date);
        3. in accordance with clause 7.3.1. of the COC, unless stated otherwise in an S&Q Order, prices for an S&Q Service are not subject to an adjustment;
        4. if a source of an index publishes provisional and final index values, only index values designated as final shall be used;
        5. subject to clause 5.1.1d, if a quarterly index is published more than once, for the purposes of the formulae, the index value to be used (for the quarter preceding the Adjustment Date) shall be the first index value officially published in the quarter following that quarter; and
        6. if an index is discontinued, rebased or modified and the entity publishing that index provides official guidance on the replacement, bridging or re-baselining methodology to be applied, that guidance should be used as one of the inputs for determining any required update to the index.
  2. Adjustment Process

Note to drafters: The formula below can be used for prices where underlying costs are in a foreign currency (with payments made in $A or in source currency), when the appropriate indices are included in Annex D.

The following formula only allows for one labour and one materials index per source currency, with the same weightings applied to all adjusted prices. If an adjustment process that allows for different weightings for more than two components is required, drafters may refer to the ‘complex’ option within ASDEFCON (Support). Drafters should also seek FIS advice.

* + 1. The prices specified in Annexes A and B to this Attachment B shall be adjusted for fluctuations in the cost of labour and materials (including where prices may be based in a foreign source currency) by applying the following formula in accordance with clause 7.3 of the COC:

where, for each applicable source currency:

|  |  |
| --- | --- |
| Ref | Description |
| 1. P1 | 1. the new (ie, adjusted) price, to apply on and from the relevant Adjustment Date. |
| 1. P0 | 1. the price applicable immediately prior to the relevant Adjustment Date. |
| 1. Y | 1. the component of a price (expressed as a decimal) specified in Annex D, which is attributed to a labour index series. |
| 1. L1 | 1. the labour index value (number) for a labour index series (L) specified in Annex D, as published for the quarter preceding the quarter containing the relevant Adjustment Date. |
| 1. L0 | 1. the labour index value (number) for a labour index series (L) specified in Annex D that was used for the previous price adjustment or, in respect of the first price adjustment, the published index value for the quarter preceding the quarter containing the Base Date. |
| 1. Z | 1. the component of a price (expressed as a decimal) specified in Annex D, which is attributed to a materials index series. |
| 1. M1 | 1. the materials index value (number) for a materials index series (M) specified in Annex D, as published for the quarter preceding the quarter containing the relevant Adjustment Date. |
| 1. M0 | 1. the materials index value (number) for a materials index series (M) specified in Annex D that was used for the previous price adjustment or, in respect of the first price adjustment, the published index value for the quarter preceding the quarter containing the Base Date. |

and where, for each price being adjusted, the sum of the components attributed to labour and materials equals one (ie, Y + Z = 1).

* + 1. For labour rates for S&Q Services in Annex C to Attachment B, the following price adjustment formula shall be applied in accordance with clause 7.3 of the COC:

where, for each applicable source currency:

|  |  |
| --- | --- |
| Ref | Description |
| 1. P1 | 1. the new (ie, adjusted) labour rate for S&Q Services, to apply on and from the relevant Adjustment Date. |
| 1. P0 | 1. the labour rate for S&Q Services, as specified in Annex C, immediately prior to the relevant Adjustment Date. |
| 1. L1 | 1. the labour index value (number) for a labour index series (L) specified in Annex D, as published for the quarter preceding the quarter containing the relevant Adjustment Date. |
| 1. L0 | 1. the labour index value (number) for a labour index series (L) specified in Annex D that was used for the previous rates adjustment or, in respect of the first rates adjustment, the published index value for the quarter preceding the quarter containing the Base Date. |

* 1. Indices
     1. The Australian and international indices for the Contract, and the proportions attributed to labour and materials components of the prices, are detailed in Annex D to this Attachment.

Note to tenderers:

Note 1: For labour costs incurred in Australia, input based (cost of labour) indices acceptable to the Commonwealth are included in the ABS catalogue ‘Wage Price Index’ – Tables 8B and 9B.

Note 2: For labour costs incurred overseas, the labour index must be an appropriate index published by an agency of the relevant Government.

Note 3: For the Australian materials component, ABS catalogue ‘Producer Price Indexes, Australia’ – Table 12 should be utilised.

Note 4: For the imported materials component, the index must be appropriate and published by an agency of the relevant Government.

1. Australian Contract Expenditure (OPTIONAL)

Note to drafters: This clause should be used when the expected value of any resultant Contract (ie, known amounts (excluding S&Q Services) for the Initial Term, inclusive of all options to be submitted to the Section 23 Commitment Approval delegate for approval) will be between $4 million and $20 million (GST Inclusive), unless an exemption applies.

If the expected value of any resultant Contract is likely to exceed $20 million, then a more extensive AIC program will be required and drafters should transfer the appropriate provisions from the ASDEFCON (Support) template into the draft Contract.

If the expected value is below $4m (GST inclusive) then an AIC Program is not required and the clauses below can be deleted and the heading annotated as ‘Not used’.

* 1. Australian Contract Expenditure Amounts (Core)

Note: The following formula is built into the component price calculations of the SPTSPW.

* + 1. Amounts for planned Australian Contract Expenditure (ACE) and planned Imported Contract Expenditure (ICE) are to be determined in accordance with clause 4.1 of the COC, and when required to be forecast for applicable payment types under the Contract, a calculated ACE percentage is to be determined in accordance with the following formula:
    2. Where the Contractor is required to forecast a calculated ACE percentage for Recurring Services Fees, for a given period under the Contract (eg, an annual reporting period for a Contract Status Report), the Contractor shall use the ACE percentages from the schedules to Annex A (calculated from the applicable worksheets of the SPTSPW) or provide justification to the Commonwealth, in writing, for the use of any alternative estimate.
  1. Alternate and Additional Deeming Rates (RFT Core)

Note to drafters: If the Commonwealth wishes to specify alternate and/or additional deeming rates to those included in the ACE Measurement Rules, then include those rates within the following table and provide any additional explanation, if required. Otherwise, the deeming rates within the ACE Measurement Rules will still apply and the first note to tenderers can be deleted.

Note to tenderers: Table B-2 may be pre-populated by the Commonwealth with alternative and/or additional deeming rates, if it is considered that deeming rates other than those listed in the ACE Measurement Rules should be applied to the proposed Contract.

The Commonwealth will consider deeming rates other than those listed in the ACE Measurement Rules for the proposed Contract. Table B-2 will consist of the successful tenderer’s response to TDR D-12, and any negotiated adjustments.

* + 1. Table B-2 below specifies alternate or additional Subcontract categories, thresholds and deemed ACE and ICE percentages for the purposes of the application of paragraph 3 of the ACE Measurement Rules.

Table B-: Approved Alternate and Additional Deeming Rates

| Nature of cost category / Subcontractor work | Applicable Threshold (GST exclusive) | Deemed Australian Contract Expenditure and Imported Contract Expenditure | |
| --- | --- | --- | --- |
| Australian Contract Expenditure | Imported Contract Expenditure |
| 1. (…INSERT description...) | 1. (…INSERT threshold value...) | 1. (…INSERT %...) | 1. (…INSERT %...) |
| 1. (…INSERT description...) | 1. (…INSERT threshold value...) | 1. (…INSERT %...) | 1. (…INSERT %...) |

* + 1. The parties acknowledge and agree that, in accordance with paragraph 4 of the ACE Measurement Rules, alternate deeming rates for indirect costs (including overhead and general and administrative costs) for the Contractor and specified Subcontractors shall be applied in accordance with Table B-3, as follows:

Table B-: Deeming Rates for Indirect Costs

|  |  |  |
| --- | --- | --- |
| Entity Name | Deemed ACE percentage | Deemed ICE% percentage |
| 1. (… INSERT CONTRACTOR NAME …) | 1. (…INSERT %...) | 1. (…INSERT %...) |
| 1. (… INSERT SUBCONTRACTOR NAME …) | 1. (…INSERT %...) | 1. (…INSERT %...) |
|  |  |  |

* 1. Annual ACE Value (Core)

Note to tenderers: The Annual ACE Value table for any resultant contract will be based on the successful tenderer’s response to Table D-1 of TDR D.

* + 1. Table B-4 sets out the annual (or other) pricing periods and the Annual ACE Value in respect of each pricing period to be achieved by the Contractor.

**Table B-4: Annual ACE Value**

(…INSERT the Annual ACE Value table including table notes…)

1. Performance Assessment and Performance Payments (OPTIONAL)
   1. Assessment of Performance and Calculation of Performance Payments
      1. Annex E describes the performance assessment process and the method for calculating Performance Payments.