DATA ITEM DESCRIPTION

1. DID NUMBER: DID-PM-AIC-SCMP-V5.3
2. TITLE: SUPPLY CHAIN MANAGEMENT PLAN
3. DESCRIPTION and intended use

The Supply Chain Management Plan (SCMP) describes the Contractor's strategy, plans, methodologies and processes for:

developing, establishing and managing the supply chain required for the acquisition phase, including for the Support System solution to be transitioned to sustainment, particularly the ANZ elements of the supply chain, to ensure that the Australian Industry Capability (AIC) Objectives and AIC Obligations are achieved while satisfying the other requirements of the Contract;

conducting procurement activities and managing Subcontractors in support of, as applicable, the design, development, implementation, and Verification and Validation (V&V) of the Mission System and Support System;

collaborating with AIC Subcontractors to ensure that the AIC Objectives are being pursued by the AIC Subcontractors; and

monitoring and reporting on those Industrial Capabilities, which have been established in Australian Industry and which are necessary for, or are expected to become necessary for, achieving the Sovereignty requirements for the Materiel System.

The Contractor uses the SCMP to:

provide direction to the Contractor’s and AIC Subcontractors’ management teams responsible for supply chain planning activities, procurement decisions, assurance of supply, and the establishment and management of Subcontracts;

define, manage and monitor the procurement and associated subcontracting elements of the Contract, including providing the equipment procurement plan for the Contract;

ensure that those parties (including AIC Subcontractors) who are undertaking supply chain and related activities understand their responsibilities, the processes to be used, and the time-frames involved;

define the process for reporting the Contractor’s assessment of the health of Industrial Capabilities established by either the Contractor or AIC Subcontractors (as applicable), and the processes to be used when the established Industrial Capabilities are identified as being at risk of failure;

define the Contractor’s expectations of the Commonwealth in the Contractor’s supply chain and related activities, particularly to identify any Sovereignty requirements associated with procurements for operationally-significant systems or equipment for the Mission System (where required by the SOW); and

provide assurance to the Commonwealth that:

the Contractor’s supply chain and related activities will result in tangible and sustainable Industrial Capabilities that will provide benefits to both Defence and the broader Australian economy; and

the Industrial Capabilities established and evolved in Australian Entities will be ready and able to provide the required Sovereignty-related sustainment services during the sustainment phase.

The Commonwealth uses the SCMP to:

understand the Contractor’s approach to meeting the supply chain and related requirements of the Contract, including the relationships between these activities and achieving the AIC Objectives;

gain assurance that the Contractor’s supply chain and related activities will enable the achievement of:

the AIC Objectives and the AIC Obligations; and

the Contractor’s program and schedule for, as applicable, the design, development, build, integration, V&V and delivery of the Mission System and the Support System elements;

identify and understand the Commonwealth’s involvement in the Contractor’s supply chain and related activities, including the monitoring of the Contractor’s program and engagement at key decision points; and

as an input into the Commonwealth’s own planning.

1. INTER-RELATIONSHIPS

The SCMP is subordinate to the AIC Plan.

The SCMP inter-relates with the following data items, where these data items are required under the Contract:

Materiel Procurement Strategy (MPS);

Materiel Procurement Business Case (MPBC);

Defence-Required Australian Industrial Capability Plan (DRAICP);

Cyber Supply Chain Risk Plan (CSCRP);

Support System Specification (SSSPEC);

Support System Description (SSDESC);

Mission System Technical Documentation Tree (MSTDT);

Support System Technical Data List (SSTDL);

Australia and New Zealand (ANZ) Subcontractor Technical Data List (ASTDL);

Contractor Transition Plan (CTXP);

Contract Work Breakdown Structure (CWBS);

Contract Master Schedule (CMS); and

Contract Status Report (CSR).

1. Applicable Documents

The following document forms a part of this DID to the extent specified herein:

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| 1. Nil. |  |

1. Preparation Instructions
   1. Generic Format and Content

The SCMP shall comply with the general format, content and preparation instructions contained in the CDRL clause entitled ‘General Requirements for Data Items’.

When the Contract has specified delivery of another data item that contains aspects of the required information, the SCMP should summarise these aspects and refer to the other data item.

The data item shall include a traceability matrix that defines how each specific content requirement, as contained in this DID, is addressed by sections within the data item.

* 1. Specific Content
     1. Supply Chain Management Strategy

The SCMP shall describe the Contractor’s strategy for engaging with the marketplace to establish and maintain the required supply chains to deliver the Supplies under the Contract and, where the suppliers are expected to form part of the Support System solution, to transition to sustainment when required. In setting out this strategy, the SCMP shall also:

address the strategy-level considerations in relation to identifying, selecting, qualifying and managing Subcontractors, monitoring the ensuing supply chains, and ensuring supply chain security, including addressing any supply chain and/or procurement requirements set out in the Contract;

describe the objectives, scope, constraints, and assumptions associated with the Contractor’s supply chain and related activities;

describe the strategy associated with collaborating with the Commonwealth:

to satisfy any supply chain and/or procurement requirements set out in the Contract, including to identify any Sovereignty requirements associated with procurements for operationally-significant systems or equipment for the Mission System;

where goods and/or services from an Australian Entity have been identified that require further development to be suitable for incorporation into the Supplies; and

in those circumstances where the Commonwealth expresses an interest in being involved in a particular capability trade-off involving Subcontracted supplies;

describe the global risks associated with these activities (including risks associated with achieving the AIC Objectives or with the development, implementation and/or sustainment of Industrial Capabilities) and the associated risk-mitigation strategies (where a global risk is one for which the risk-mitigation strategy is a key driver of, or is addressed through, the activities, resources and/or timeframes set out in the SCMP); and

describe the strategy for ensuring that AIC Subcontractors, particularly overseas AIC Subcontractors, will engage with the ANZ marketplace in a manner that promotes achievement of the AIC Objectives and realises tangible and sustainable Industrial Capabilities that will provide benefits to both Defence and the broader Australian economy.

* + 1. Supply Chain Management Organisation

The SCMP shall describe the organisational arrangements for managing and undertaking the supply chain and related activities for the Contract, including:

the Contractor’s and AIC Subcontractors’ organisations and management structures, showing how these arrangements integrate into the higher-level management structures and organisations for the Contract;

the interrelationships and lines of authority between all parties involved in the Contractor’s and AIC Subcontractors’ supply chain and related activities, including the interfaces with the teams undertaking, as applicable, the definition, design, build, integration and V&V of the Mission System and the Support System; and

the responsibilities of all parties involved in the Contractor’s and AIC Subcontractors’ supply chain and related activities, including the identification of the individual who will have managerial responsibility for meeting the supply chain and related requirements of the Contract.

* + 1. Supply Chain Analysis

The SCMP shall identify those aspects of the supply chain for the Contract for which there are no further opportunities to engage with the marketplace to promote the AIC Objectives.

For those aspects of the supply chain for the Contract for which there are further opportunities to engage with the marketplace to promote the AIC Objectives, the SCMP shall:

identify the relevant aspects of the supply chain in sufficient detail so that it is clear as to the scope of each opportunity, including any constraints, assumptions and/or risks;

describe the activities that either have been or will be performed to understand the marketplace in relation to the opportunity, particularly the Australian Entities that may be able to offer conforming or near-conforming goods and/or services;

describe the activities and analyses that will be performed to:

understand the capabilities of Australian Industry;

identify any capability gaps with those Australian Entities that may be able to offer conforming or near-conforming goods and/or services;

assess the risks associated with contracting with the Australian Entities, including in relation to the identified capability gaps; and

determine that an Australian Entity is or is not suitable for providing goods and/or services under the Contract, including the criteria to be used for making this assessment;

describe the criteria for determining the type of contract, particularly in relation to any proposed staging and/or the proposed pricing and payment model, to be used to ensure that value for money is provided to the Commonwealth, both initially and over the life of the Contract; and

describe how the requirements of this clause will be achieved for any goods and/or services that will be provided to the Contractor by overseas AIC Subcontractors.

* + 1. Procurement Activities Leading to Subcontract

This clause 6.2.4 only applies to the scope of procurement activities identified under the Supply Chain Management clause of the SOW.

The SCMP shall describe the Contractor’s methodologies, systems, processes and tools for undertaking procurement activities leading to establishment of a Subcontract for the scope of procurement activities identified under clause 6.2.4.1, including:

providing an overview of the Contractor’s standard procurement processes, including identifying the linkages with the Contractor’s design teams for the Mission System and Support System;

describing how procurement activities to engage potential Subcontractors will be structured, including in relation to timings, to maximise opportunities for Australian Industry to participate in the procurement activities on a fair and equitable basis;

describing how the procurement activities to engage potential Subcontractors will address any specific procurement and Subcontract requirements of the Contract, including in relation to:

Sovereignty requirements for operationally-significant systems or equipment for the Mission System;

Defence-Required Australian Industrial Capabilities (DRAICs) (if any);

other applicable Australian Industry Activities (AIAs); and

supply chain security, including in relation to cyber security;

describing any standard contract templates used by the Contractor, including providing an overview of standard contract conditions to be used;

describing how any commercial requirements and constraints that may apply to procurement activities for particular types of procurement activities) will be addressed, including in relation to Intellectual Property, security and export controls, so that the widest possible market engagement can be undertaken to achieve the AIC Objectives;

describing how whole-of-life costs for each procurement (ie, the acquisition, sustainment and disposal costs of the materiel being procured) will be addressed, particularly where a multi-stage procurement process may be used; and

describing any key points in the procurement process leading to Subcontract where the Contractor may seek input from the Commonwealth, including the conditions under which this may occur and any mandatory requirements for Commonwealth engagement, as set out in the Contract.

The SCMP shall provide, as an annex to the SCMP, the Contractor’s procurement plan for the items identified under clause 6.2.4.1, which shall:

identify the materially-significant and high-cost (eg, >$5m) procurement activities as standalone lines in the plan;

group other procurements into various categories aligned to the product breakdown structure for the Mission System, including sufficient accompanying information so that the scope of each category is clear;

identify the timings (eg, linked to particular milestones for the relevant phases of the design, development, build, integration and V&V of the Mission System and Support System) when these procurement activities must be both started and Subcontracts entered, to ensure that the schedule for the Contract can be achieved;

if required by the Supply Chain Management clauses in the SOW, identify the procurements for operationally-significant systems or equipment for the Mission System for which the Commonwealth may be identifying procurement-specific Sovereignty requirements additional to those set out in the Contract; and

identify any proposed Long Lead Time Item procurements.

* + 1. Supply Chain Development

The SCMP shall describe the Contractor’s activities to develop Australian Industry, including through AIC Subcontractors, including:

the specific sectors of Australian Industry for which assistance will be provided, including, where known, the specific Australian Entities to receive the assistance (by company name and ABN) and whether or not the company is a Small-to-Medium Enterprise (SME);

the outcomes being sought in terms of specific enhancements to skills, knowledge, systems and/or infrastructure;

the specific initiatives to be undertaken to achieve the enhancements, including any commitments required to enable these initiatives, such as the transfer of technology, knowhow or know-why, the envisaged timeframes, and the likely costs;

whether or not the specific initiatives and commitments involve utilisation of Defence skilling programs and/or government grants that have been awarded or that are being sought;

how achievement of the specific enhancements will be measured and reported;

how the enhanced skills, knowledge, systems and/or infrastructure will be used by the Australian Entity and the Contractor and/or AIC Subcontractor to satisfy the requirements of the Contract;

any planned follow-on activities to ensure that the enhancements are maintained; and

any associated long-term (eg, post-Contract) benefits for the Industrial Capabilities that have been, or will be, implemented.

* + 1. Subcontractor Management

The SCMP shall:

provide an overview of the Contractor’s standard processes for Subcontractor management, cross-referring to the Approved PMP, as appropriate; and

describe any unique Subcontractor management processes in relation to AIC Subcontractors, which will be employed under the Contract to ensure that the AIC Objectives and AIC Obligations are achieved while satisfying the other requirements of the Contract, including in relation to the implementation and management of Subcontractor AIC plans and the associated reporting against those plans.

* + 1. Supply Chain Assurance

The SCMP shall describe the Contractor’s plan, including the associated measures, to address assurance of the supply chain over the period of the Contract, including:

measures to address the resilience of the supply chain with respect to security of supply and diversity of supply for the acquisition phase (ie, in relation to the ongoing viability of the Australian Entities in the Contractor’s supply chain and to address activities that could affect delivery of supplies from overseas for which greater resilience could be offered from an Australian Entity) in relation to, for example:

market forces affecting the availability of supply, such as demands on the supply chain from other areas in Defence or other industries;

where a supply chain failure is identified as a significant risk to the achievement of the Contract; and/or

interdiction of supplies due to international government intervention; and

for those elements of the supply chain that will be implemented in either Australia or NZ during the acquisition phase, and that are expected to be required during the sustainment phase, measures to monitor those elements so that they are ready and able to provide the required sustainment services at the commencement of the sustainment phase.

The SCMP shall detail the mechanisms for reporting to the Commonwealth, including through the CSR, the outcomes of the Contractor’s monitoring and assurance activities, including:

progress against the schedule of planned assurance activities against the ANZ elements of the Contractor’s supply chain;

a brief summary of the health of the implemented Industrial Capabilities, including an assessment of each Subcontractor’s readiness to undertake the required acquisition and/or sustainment activities; and

identification of any areas of concern, including:

a summary of the concern;

the suggested plan to rectify, if required, including any actions proposed to be undertaken by the Commonwealth; and

a risk assessment if no action were to be taken to resolve the identified concerns.

For each AIC Subcontractor (including each Subcontractor (Support) under the Contract (Support)) that is an Australian Entity and is expected to provide services during the sustainment phase, the SCMP shall provide a short plan (not to exceed three pages) in a separate annex to the SCMP, which sets out the specific assurance activities that will be undertaken to assess the sustainment capabilities that have been implemented in Australia and, where applicable, NZ, by either the Contractor or an overseas AIC Subcontractor, which shall address the different assurance activities associated with (as applicable to each AIC Subcontractor that is an Australian Entity):

1. Operating Support;
2. Engineering Support;
3. Maintenance Support;
4. Supply Support; and
5. Training Support.

The SCMP does not need to address the requirements of clause 6.2.7.3 until after the Support System Detailed Design Review (SSDDR), in accordance with the timings set out in the CDRL.