

ANNEX DD

BASIS OF PAYMENT

**Private Branch Exchange (PBX)
In-Service Support (ISS)**

Department of National Defence

Definitions

- a. **Hourly Rate** means a firm hourly rate to be charged for each hour worked and prorated for any period less than an hour.
- b. **Laid-Down Cost** is the cost incurred by a supplier to acquire a specific product or service for resale to the government. This includes the supplier's invoice price (less trade discounts), plus any applicable charges for incoming transportation, foreign exchange, customs duty and brokerage, but excludes the GST/HST.
- c. **Markup** includes applicable purchasing expenses, internal handling and general and administrative expenses plus profit.
- d. **Firm Price** is a method of pricing in which the total amount payable is a fixed lump sum or is an amount determinable in accordance with fixed unit prices. In such cases, both parties agree prior to the award of the contract as to the payable thereunder.

Note: Prices and Rates will be filled in this document at the contract award stage.

1. General

In consideration of the Contractor satisfactorily completing all of its obligations under the Contract, the Contractor will be paid as per the following paragraphs. All prices are in Canadian dollars. Custom Duties are included and Applicable taxes are extra.

2. Technical Support Service Fee

Upon satisfactorily delivering the Technical Support Service activities, the Contractor shall be paid Fixed Monthly Technical Support Service Fee as per the table below. The fee shall be payable at the end of each month for the period of the contract.

Fixed Monthly Fee includes all overheads & profit, and excludes taxes, as applicable.

Item Number	Technical Support Service Fee	Monthly Amount
1	Monthly Fee 2021	<i>As per the bid</i>
2	Monthly Fee 2022	<i>As per the bid</i>
3	Monthly Fee 2023	<i>As per the bid</i>
4	Monthly Fee 2024	<i>As per the bid</i>

3. Optional Training Courses

Upon satisfactorily delivering the training course/s, the Contractor shall be paid Firm Prices as per the table below. Firm Prices include all overheads & profit and Travel & Living expenses, and exclude taxes, as applicable.

Training courses may be delivered in the Contractor's or any of DND's facilities listed below at anytime during the period of the Contract.

CLIN	Training Courses	Unit Price For 2021	Unit Price For 2022	Unit Price For 2023	Unit Price for 2024
CLIN A	Administrator and Maintainer Course (Up to 5 courses/year)				
1	DND Facility In National Capital Region	<i>As per the bid</i>			
2	DND Facility at CFSJR Kingston	<i>As per the bid</i>			
3	DND Facility in CFB Trenton	<i>As per the bid</i>			
4	Contractor's Facility	<i>As per the bid</i>			
CLIN B	Train the Trainer Training Course (Up to 2 courses/year)				
1	DND Facility In National Capital Region	<i>As per the bid</i>			
2	DND Facility at CFSJR Kingston	<i>As per the bid</i>			
3	DND Facility in CFB Trenton	<i>As per the bid</i>			
4	Contractor's Facility	<i>As per the bid</i>			

4. Hourly Labour Rates for In-Service Support (ISS)

The Contractor will be paid firm hourly rates as follows, for work performed in accordance with the Contract. Customs duties are included and Applicable Taxes are extra.

Item Number	Labour Categories	Hourly Labour Rates for 2021	Hourly Labour Rates for 2022	Hourly Labour Rates for 2023	Hourly Labour Rates for 2024
1	Junior Technician	<i>As per the bid</i>			
2	Senior Technician	<i>As per the bid</i>			
3	Junior Engineer	<i>As per the bid</i>			
4	Senior Engineer	<i>As per the bid</i>			
5	Field Service Representative	<i>As per the bid</i>			
6	Project Manager	<i>As per the bid</i>			

5. Hourly Labour Rates for Additional Work Requirements (AWRs)

The Contractor will be paid firm hourly rates as above for work performed in accordance with the Contract. Customs duties are included and Applicable Taxes are extra. The Contractor will be paid for the Work specified in the authorized task authorization, the same Hourly Labour Rates as In-Service Support listed above.

Canada's liability to the Contractor under the authorized task authorization must not exceed the "Firm Price, limitation of expenditure" or "ceiling price" specified in the authorized task authorization. Custom duties are "included", and Applicable Taxes are extra.

No increase in the liability of Canada or in the price of the Work specified in the authorized task authorization resulting from any design changes, modifications or interpretations of the Work will be authorized or paid to the Contractor unless these design changes, modifications or interpretations have been authorized, in writing, by the Contracting Authority before their incorporation into the Work.

For any authorized Additional Work Requirements (AWRs) as defined in the task SOW, the Contractor shall be paid as agreed upon between the Contractor and the Contracting Authority in accordance with the Labour Rates defined below, and as per the agreed upon pricing method for the Additional Work Requirements.

The Contractor will be reimbursed for the direct expenses reasonably and properly incurred in the performance of the AWRs. These expenses will be paid at actual cost without mark-up, upon submission of an itemized statement supported by receipt vouchers.

6. Travel and Living Expenses for Additional Work Requirements (AWRs)

The Contractor will be reimbursed its authorized travel and living expenses reasonably and properly incurred in the performance of the Work, at cost, without any allowance for profit and/or administrative overhead, in accordance with the meal, private vehicle and incidental expenses provided in Appendices B, C and D of the Treasury Board Travel Directive: http://www.tbs-sct.gc.ca/pubs_pol/hrpubs/TBM_113/td-dv_e.asp, and with the other provisions of the directive referring to "travelers", rather than those referring to "employees".

All travel must have the prior authorization of the Procurement Authority.

All payments are subject to government audit.

7. Material Mark-Ups

For all authorized material supplied by the Contractor in the performance of the contract, the Contractor will be paid the laid down cost in Canadian dollars plus a mark-up as detailed in the table below. The laid down cost for all material must be supported by a cost breakdown, invoices from vendors and/or published price listed and take into account any applicable discounts.

The Material Mark-Ups for the Option Period(s) will be finalized prior to exercising the option Period(s). The Material Mark-Ups for each subsequent Optional Period will utilize the previous mark-ups on an interim basis (not to exceed 2 months) subject to adjustment upon completion of the Material Mark-Ups negotiation between PSPC and the Contractor.

Item Number	Mark-Ups	Contractor's Material	Sub-contractor's Material
1	Calendar Year 2021	<i>As per the bid</i>	<i>As per the bid</i>
2	Calendar Year 2022	<i>As per the bid</i>	<i>As per the bid</i>
3	Calendar Year 2023	<i>As per the bid</i>	<i>As per the bid</i>
4	Calendar Year 2024	<i>As per the bid</i>	<i>As per the bid</i>

8. Economic Price Adjustment for Option Periods

Adjusted Prices and Labour Rates for the Option Periods will be incorporated in this document prior to exercising the option periods. The Labour Rates and Prices for the period of contract shall provide the baseline for the Labour Rates and Prices for Option Year 1 and 2.

The Labour Rates and Prices for Option Year 1 shall be the average of the initial four year period will be used as the baseline for escalation Labour Rates and Prices in the contract escalated by no more than a percentage equal to Canada's Consumer Price Index (CPI) increase for the one-year option ending two months prior to the end of the contract.

The Labour Rates and Prices for Option Year 2 shall be the Labour Rates and Prices for Option Year 1 escalated by no more than a percentage equal to the CPI increase for the one-year period ending two months prior to the end of Option Year 1.