

ANNEX B

BASIS OF PAYMENT

SCHEDULE A

Joint Terminal Attack Controller Virtual Training System (JTAC VTS), In-Service Support and Repair and Overhaul (ISS R&O) Pricing

1. In consideration of the Contractor satisfactorily completing all of its obligations under this contract, the Contractor will be paid the following firm prices, applicable taxes excluded.
2. In-Service Support and Repair and Overhaul (ISS R&O)
- 2.1 General – Shipment terms are Delivered Duty Paid (DDP), customs duties are included and Goods and Services Tax (GST) or Harmonized Sales Tax (HST), if applicable, is extra. In the event of a discrepancy between the monthly fee unit and the total annual fee prices, the monthly fee unit prices will apply.
- 2.2 Currency- All prices provided in Schedule A, Joint Terminal Attack Controller Virtual Training System (JTAC VTS) In-Service Support and Repair and Overhaul (ISS R&O) Pricing, are provided in the following currency: **To be entered by Canada.**

Table 1 - In-Service Support

Number of Units	Year 1	Year 2	Year 3	Option Year 1	Option Year 2
Monthly Fee 1 unit	\$	\$	\$	\$	\$
Monthly Fee increase for 1 additional unit from 1 unit to 2 units in Service			\$	\$	\$
Monthly Fee increase for 1 additional unit from 2 units to 3 units in Service			\$	\$	\$
Monthly Fee increase for 1 additional unit from 3 units to 4 units in Service			\$	\$	\$
Monthly Fee increase for 1 additional unit from 4 units to 5 units in Service			\$	\$	\$
Total Annual Fee:	\$0.00				
Months	12	12	12	12	12
Total Annual Fee:	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Note. For all line items the year over year increase cannot exceed 3.5%. Beginning in Option Year 3 the rates in **Table 1 - In-Service Support** will be escalated in accordance with Appendix 1 to Annex B – Basis of Payment, Schedule A Economic Price Adjustment

Table 2 - Additional Work Requests (Hourly Labour Rates)

Labour Category	Year 1 Rate	Year 2 Rate	Year 3 Rate	Option Year 1 (Year 4) Rate	Option Year 2 (Year 5) Rate
Senior Engineer	\$	\$	\$	\$	\$
Junior Engineer	\$	\$	\$	\$	\$
Systems Engineer	\$	\$	\$	\$	\$
Software Engineer	\$	\$	\$	\$	\$
Field Services Representatives (FSR)	\$	\$	\$	\$	\$
Integrated Logistics Support Technician (ILS)	\$	\$	\$	\$	\$
Training Instructor	\$	\$	\$	\$	\$

Note. For all line items the year over year increase cannot exceed 3.5%. Beginning in Option Year 3 the rates in **Table 2 - Additional Work Requests (Hourly Labour Rates)** will be escalated in accordance with Appendix1 to Annex B – Basis of Payment, Schedule A Economic Price Adjustment.

Table 3 – Additional Work Requests (Parts Mark-up)

Material	Year 1	Year 2	Year3	Option Year 1	Option Year 2
Parts Mark-up rate %	0%	0%	0%	0%	0%
Note. The parts mark up rate proposed will be used for the duration of the Contract.					

3. Additional Work Requests (AWRs) via Task Authorization
- 3.1 If and when requested by Canada, Additional Work Requests will only be authorized by the Procurement Authority (PA) on an “as and when requested basis”, utilizing a DND 626 Task Authorization form.

3.2 For all authorized Technical Investigation and Engineering Support (TIES) and Field Services Representatives (FSR), the Contractor personnel will be paid the latest relevant hourly rates for the actual direct hours worked during the periods below as specified in Table 2 - Additional Work Requests (Hourly Labour Rates).

No premium for overtime rates will be considered.

4. Firm Mark-up Rates

4.1 Mark-up on Materials for Additional Work Requests - the Contractor will be paid at the actual laid down cost plus applicable percentage as identified in **Table 3.- Additional Work Requests (Parts Mark-up)**

Laid-down cost: 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 Sales Tax.

5. Travel and Living

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, and private vehicle allowances specified in Appendices B, C and D of the [National Joint Council Travel Directive](#), and with the other provisions of the directive referring to "travellers", rather than those referring to "employees". Canada will not pay the Contractor any incidental expense allowance for authorized travel.

All travel and living expenses must be authorized in advance by DND Procurement Authority, must be supported by receipts and are subject to government audits and verifications.

6. Spare Parts

- 6.1** Spare parts pricing will be negotiated after contract award.
- 6.2** Once the initial spare parts list has been approved and accepted at the Initial Provisioning Conference, a formal purchase of the spares will be initiated through a Task Authorization process.

6.3 Price Certification Commercial Goods and/or Services

The Contractor certifies that the price proposed:

- a) is not in excess of the lowest price charged anyone else, including the Contractor's most favoured customer, for the like quality and quantity of the goods, services or both; and
- b) does not include an element of profit on the sale in excess of that normally obtained by the Contractor on the sale of goods, services or both of like quality and quantity.

6.4 Price Justification

The Contractor must provide, on Canada's request, one or more of the following price justification:

- a) ccurrent published price list indicating the percentage discount available to Canada; Or a copy of paid invoices for the like quality and quantity of the goods, services or both sold to other customers, or
- b) a price breakdown showing the cost of direct labour, direct materials, purchased items, engineering and plant overheads, general and administrative overhead, transportation, etc., and profit; or
- c) any other supporting documentation as requested by Canada.