



Australian Government



Australian
**Small Business and
Family Enterprise**
Ombudsman

17 March 2021

Mr Richard Raphael
Review of the Major Service Provider Panel Arrangements
The Department of Defence
Canberra ACT 2600

via email: casgcomm.divsstratpanelreview@defence.gov.au

Dear Mr Raphael

Review of the Major Service Provider (MSP) Panel Arrangements

We welcome the independent review of the MSP Panel arrangements. In our meeting with you last week we raised a number of aspects of the MSP Panel arrangements where improvements should be made:

- **Transparency:** Small businesses should be given appropriate notice of upcoming opportunities to allow them to prepare and compete for that work. The intention of adopting the MSP model was to “provide greater visibility and control over market engagement and service delivery”.¹ So whilst the use of the MSP arrangement transfers responsibilities to the MSPs to engage small businesses there should still be timely notification of any approaches to market by the MSPs.

This requirement could be met by either the MSPs mimicking the AusTender reporting function or them being able to report using a module within the AusTender system.

- **Cadence:** For small businesses to invest in the MSP process there should be an ongoing body of work available. The timing of procurement processes should be coordinated so that small suppliers have a flow of opportunities to work towards, and invest in. This currently occurs for MSPs but not for small business sub-contractors.

It would mean that Australian small business suppliers could be nurtured, cultivating viable and vibrant clusters of SMEs with relevant subject matter expertise, rather than being exposed to feast-or-famine conditions.

- **Active Management and Independent Monitoring and Review:** Panel managers should have greater awareness and visibility of the participants in the MSP supply chain. This includes an active awareness of how businesses sub-contracted by MSPs are faring, including those sourced through the Defence Support Services Panel. There needs to be an independent review process, external to the Department of Defence (Defence), to monitor and review interactions between Defence, the MSPs and their sub-contractors, particularly where disputes involving a small business arise.
- **Upskilling:** Small business suppliers we have spoken to are frustrated by the varying skills and experience of procurement officers whether it be in seeking information on an approach to market or getting feedback at the end of a tender process. This should be addressed through better training and by the application of Government resources to ensure that the procurement function is properly serviced.

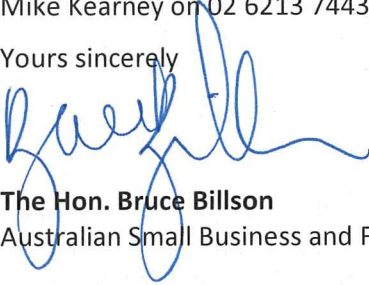
¹ Department of Defence webpage, Major Service Provider (MSP) Arrangement, retrieved on 17 March 2021

- **Technology:** There are significant improvements to be made through the digitisation of procurement processes. This would help simplify aspects of the procurement process and can effect some of the improvements we have raised, including active panel and sub-contractor management and improving transparency.

Defence's move to adopt the Dynamic Sourcing for Panels functionality on AusTender is a positive step in that regard, as are any efforts to develop an online register of industry capability. While procurement is often inherently complex solutions being developed in the regtech sector offer promise that at least some of the procurement processes can be simplified, for suppliers, buyers and administrators.

Thank you for the opportunity to comment. If you would like to discuss this matter further, please contact Mike Kearney on 02 6213 7443 or at michael.kearney@asbfeo.gov.au.

Yours sincerely



The Hon. Bruce Billson

Australian Small Business and Family Enterprise Ombudsman