

10 March 2009

Mr Craig Wyman
DMOSS Panel Manager
Defence Materiel Organisation
R2-1-A083
Russell Offices
RUSSELL ACT 2600

CC: Mr Harry Dunstall, Special Counsel to the CEO DMO

Dear Mr Wyman,

Thank you for the opportunity to review the DMOSS Concept Paper last month.

The Australian Business Defence Industry Unit (ABDIU) was established in Canberra in 1998 to represent the interests of Australia's defence industry to both the Department of Defence and the Federal Government and assists members in their business related activities with specialist defence related business advice.

The ABDIU in 2006, in response to input from its members, conducted a number of surveys and a workshop looking at the issues with the introduction of the DMOSS Panel in 2005 and its effects on members doing business with Defence. This resulted in a formal briefing to industry by Defence in 2007 in response to our input to the CEO DMO.

Regarding the current Concept Paper, we have sought input from all our members including both member and non-panel participants. The following areas are of concern:

- **Engagement of Industry.** The ABDIU is concerned that the Concept Paper and Refresh has not included significant consultation with industry, including both current and potential panel members and appears to be more of an internal working document. The ABDIU facilitated a formal workshop in 2006 on issues related to the panel and a similar forum this time may have assisted DMO and industry to jointly develop an improved DMOSS Concept that would meet the needs of DMO and take into account the commercial realities and panel experience of industry.
- **The Concept.** Members were concerned that the Concept Paper did not provide a structured and evidence-supported concept for what the DMOSS might look like in the future. Industry has been asked to comment on a number of issues perceived by Defence and at this stage have little guidance on what the RFT might propose or indeed whether their comments might influence the shape of the RFT.

- **Perceived versus Real Issues.** It appears that many issues are ‘perceived’ because the DMOSS processes and clauses may need to be better communicated to both customers and ESPs. In addition, it is suggested that Deeds may require an Executive Summary detailing general guidance about DMOSS and the Deed to improve this communication with industry.
- **Issue 3 : Inability to request Multiple Skill Sets or Skill Levels on a single RFQTS.** A move to remove unnecessary duplication of RFQTSs would be welcomed by industry.
- **Issue 6 : Engagement of External Service Providers (ESPs) beyond 12 months.** Many of the ESPs possess the required knowledge, competencies and security clearances to provide Defence projects with significant capability over time. Given the current economic and labour market environment in Australia it is suggested that longer term engagements of ESPs would increase project capability, industry skills investment and efficiency for DMO. Rather than set an arbitrary 6 or 12 month limit, perhaps the time frame should be based on the project requirement.
- Some members felt that the lack of DMO career structure (for engineers and other logistic staff) and public service remuneration might also impact on DMO’s ability to retain skilled staff and that ESPs provided a workable solution in the current labour market. It was suggested that if DMO wished to shift a greater amount of work from ESPs to DMO staff then a transition plan, implemented over several years, would be more useful.
- **Issue 9 : Performance Management.** Panel members understand that Deeds include performance management criteria and industry supports this.
- **Issue 11 : Inability of current Panel members to support DMO’s regional areas.** The resolution of this issue requires that DMO be prepared, like other industries in remote locations, to pay a premium to cover the additional administrative costs of supporting regional areas. However, if the engagement of ESPs is to be limited to less than 12 months, industry may be reluctant to support regional work even with additional premiums due to the competing opportunities provided by other industry sectors. In the current refresh DMO may seek to further publicise the RFT in regional areas to draw out regional capabilities which may also provide benefits to Australian regional industry. In this aspect the ABDIU would be willing to assist DMO through the facilitation of briefings/forums with industry or with regional capability mapping.

In summary, the ABDIU supports the DMOSS in principle but would like to see an enhanced communications strategy to enable the DMOSS concept to evolve with the experience gained by both DMO and industry members. Comment on the details of DMOSS is limited because of the nature of the Concept Paper and the ABDIU would support a greater collaborative engagement by DMO and industry to determine where there are real joint

issues impacting on industry's ability to support DMOSS and what may be done to rectify these issues.

In the meantime, the ABDIU will continue to publish the DMOSS Refresh RFT to our members and to other potential stakeholders.

Should you or your staff have further questions please do not hesitate to contact us on telephone (02) 6239 1488.

Yours sincerely,

Original Signed

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