



Workforce Development Conference

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Speech by Mr Greg Tunny, Managing Director

Sourcing and building a skilled workforce for a major program

Winning a key part in a multi-billion dollar shipbuilding program is one thing. Building three highly technical and complex air warfare destroyers is something else.

In May 2005, the Australian Government selected ASC as the shipbuilder for the Hobart Class Air Warfare Destroyer Program. In June 2007 the Government selected the Spanish F100 platform design to house the US Aegis Combat System.

The build program will see three (or possibly four) of the most advanced and complex warships ever built in Australia constructed at ASC's South Australian facility, providing enormous opportunities for Australia's shipbuilding industry in general and South Australia's defence industry in particular.

All facets of our shipbuilding role require appropriate skilling: from design and engineering, project management and other high-end skills' disciplines, to production (or blue collar) requirements.

Our current employee numbers stand at around 1,100 people; and this is expected to double to support our AWD work.

Without the right calibre of people available and appropriately trained at the right point in time, building the AWDs becomes an insurmountable task.

But, building a skilled workforce for a major program is not foreign territory for us. ASC has been in this position before. We did reasonably well for a 'greenfields' business and this time we will do even better.

This time we are both 'green' and 'brown' fields. A 'greenfields' shipyard – yet to be built – beside an established submarine yard.

Back in 1987, ASC won the contract to design and construct six Collins Class submarines; a technological feat unparalleled within Australian industry.

Starting from scratch, we developed a 1,200-plus workforce and, at the same time, seeded and nurtured a robust local naval industry that would prove to stand the test of time, growing and prospering within the broader Australian defence industry.

We expect that our experience with developing the Collins Class program will hold us in good stead as we gear up for AWD work to begin in earnest.



And, although the goal posts have changed somewhat, our requirement is still the same. ASC must source and build a skilled workforce to take on Australia's next maritime super challenge, and construct our air warfare destroyers.

Challenges

There are a number of challenges that face ASC in our recruitment quest. Most of these derive from external factors and our current economic environment.

For example, the strength of the entire Australian economy, including that of South Australia, is leading to the lowest unemployment rate in almost a generation. This poses a difficulty for us in that there is a limited resource pool within the market place for us to tap into.

Another challenge for us is dealing with the increase in additional defence-related initiatives. More defence work results in greater competition for comparable skills, knowledge and experience in a tight labour market, especially where defence experience is a prerequisite for recruitment.

An issue many South Australian companies face is the onset of the resources sector renaissance in this state. In particular, the Olympic Dam expansion and the mining boom in Western Australia. The Olympic Dam expansion will see construction begin in 2009 and completed in 2013. This project, while terrific for South Australia, will bring increased competition to the trades and production labour market.

There is also the current, and most likely sustained, Australian-wide skills shortage due to both the resource super-cycle and numerous local, state and national infrastructure programs. You can't turn a page of a newspaper these days without reading about local, national and international skills shortages, particularly in trades and engineering groups.

Also, let us not forget about Australia's ageing workforce. Like all organisations, ASC will see a significant number of experienced workers exit the fold over the next five to ten years.

And, just for good measure, we in Australia face increased competition for skilled labour from companies all over the globe. Many of our young workers – generations Y and Z – no longer want to stay put in the same country, let alone the same organisation for 10 years. Even 5 years is a challenge.

Opportunities

Despite these challenges, we at ASC believe that we can prevail.

Having an awareness of these challenges is the first step towards addressing them and ultimately growing our workforce.

Fortunately, ASC has identified plenty of opportunities as well.



1. For example, we have found that there are more skills available to ASC as a result of the downturn in the automotive industry. While the skills sets aren't perfectly aligned, some are able to be transferred and up-skilled to meet the needs of our submarine and shipbuilding requirements.
2. The refocus by the Federal and South Australian Governments on trades training and apprenticeships represent outstanding proactive measures towards finding solutions for future skills shortages.

The South Australian Government has founded initiatives like self-paced apprenticeship programs, adult apprenticeships, more succinct up-skilling and training in line with industry needs, and other general initiatives designed to increase the pool of qualified tradespeople.

ASC is lucky in many respects as well. Some of our opportunities have literally fallen in our lap.

The AWD Program has generated a lot of interest and publicity across the country, and particularly in South Australia. It is THE key indigenous defence program to be involved with, and there is nothing as complex or as technologically challenging of its kind being undertaken elsewhere in Australia.

The Program's natural momentum has a direct impact on our ability to attract and retain quality people; people with the skills and experience to become good shipbuilders.

Also, the job security at ASC where, with AWDs and submarines, we can see a bright future for 20 to 30 years cannot be understated.

Building a skilled workforce

So how will we build a skilled workforce to tackle the challenge of constructing air warfare destroyers?

I see this challenge as one that requires management across multiple levels.

ASC needs to:

- a. Attract and recruit employees;
- b. Engage and train future employees;
- c. Up-skill or cross-skill employees where necessary; and
- d. Retain them.

Let's look at these areas one by one.



Attract and recruit employees

International recruitment

ASC will attract and recruit its AWD workforce from a variety of sources, including utilising local, national and overseas avenues. Adelaide alone cannot supply the whole workforce we need.

We have certainly done this before.

Given that ASC is the only submarine designer, builder and maintainer in Australia, the company has a long history of recruiting high-end skilled workers from other countries, including the United Kingdom, Sweden, United States, Russia, Canada and Ireland.

In particular, ASC targets its recruitment programs at specific submarine and shipbuilding centres of expertise.

Plymouth in the United Kingdom, for example, has been a terrific workforce source for us, with over 30 mid-level to senior ASC employees recruited directly from this area over the past three years.

We find that the majority of our overseas recruits are attracted by the Australian climate, culture and lifestyle, not to mention the opportunity to work on high technology submarine and shipbuilding programs. The fact that ASC can also offer ongoing secure employment on long-term sustained programs is an inherent bonus.

But this will deliver only a modest number of key people; not the big numbers.

Interstate recruitment

There are many talent pools interstate that we can also tap into.

We have already realised much interstate recruitment success by working closely with the South Australian Government and ‘piggy-backing’ off their Make the Move campaign, which is designed to attract skilled workers to Adelaide.

Our partnership with the South Australian Government has enabled us to promote our job opportunities through the Government’s network of initiatives, aimed directly at the very individuals we’re trying to attract and recruit.

Recruitment partnerships

Our corporate recruitment evidence suggests that ASC alone cannot source each and every candidate we recruit. However, working in a partnership capacity with a few recruitment and labour hire agencies create cost efficient ways to improve the calibre of candidates being presented to our business.

I recommend recruitment partnerships. They have brought a stronger understanding of our business needs to those agencies we deal with, not to mention a golden opportunity to negotiate a competitive rate.



Engage and train future employees

Maritime Skills Centre

Of course, recruitment becomes substantially more difficult if the skilled labour being sought is rare.

The skills shortage we're currently facing on a local, national and international level principally affects trades and engineering groups. And, while the skills shortage has had very little impact on ASC's business to date, if we don't address these issues now, it could adversely impact our ability to build the air warfare destroyers.

The establishment of the Maritime Skills Centre will be the best source of skilled labour for ASC's shipbuilding activities.

Funded by the South Australian Government, and head quartered at Techport Australia adjacent to ASC, the Maritime Skills Centre will:

- a) Train the local labour force in order to meet any of ASC's future demands in specific naval skills;
- b) Meet the up-skilling, cross-skilling and training needs of all ASC employees and their teams in support of the AWD Program; and
- c) Meet many of the training needs of our Alliance partners, suppliers and subcontractors.

We expect that the State Government's generous investment in the establishment of the Maritime Skills Centre will go a long way towards the up-skilling and future workforce training needs through to 2017, for both blue and white collar workers.

The Maritime Skills Centre will deliver training in a variety of locations throughout Adelaide, including on TAFE SA campuses and other venues where access to specialised equipment is required.

ASC is indeed fortunate to benefit from the State Government's commitment to our workforce training and up-skilling, and we expect to realise multiple benefits, including:

- a) The development of an integrated training program that specifically supports our goals and objectives;
- b) The delivery of training that will underpin the professional and personal development of our employees and contractors; as well as
- c) The enhancement of our employees' knowledge, skills and attitudes to competently perform all aspects of job role requirements.

While the Maritime Skills Centre will make a substantial contribution to the development of our workforce needs, this initiative cannot work in isolation.



Defence Industries Pathways Program

The biggest barrier towards achieving our skilled labour recruitment target is the school students of today choosing alternative career avenues.

We have implemented an initiative designed to directly address this issue. It's called the Defence Industries Pathways Program and it's targeted at Year 11 students.

During the course of a 20 week program, students complete a Certificate 1 in manufacturing, as well as finalise a project that incorporates fabrication and mechanical processes. In addition, each student undertakes industry work experience with ASC.

Already showing much success, our Defence Industries Pathways Program supports the development of a defence industry-focussed trade workforce through secondary school placements.

Companies facing similar workforce development challenges as ASC will certainly acknowledge the value of apprentices. Over the last few years, and in an effort to address future skills shortages, ASC has significantly increased our number of apprentices.

The overall increase in our Apprenticeship Program is designed to assist our varying production needs, particularly in electrical, mechanical, fabrication and piping areas.

We are committed to supporting and encouraging our tradespersons.

The combination of training and development programs we offer our apprentices ensures that we continue to organically grow our own skills to be available for the future, rather than relying on external sources to deliver them to us.

Up-skilling / training current employees

Professional development programs

ASC places much emphasis on the training of future employees, but it's remiss for organisations to ignore the training and development needs of personnel already employed.

'Relentless improvement and learning' is a corporate value we espouse and actively pursue at ASC and, to that end, we encourage and support our employees to grow their potential by undertaking relevant higher education and training programs.

Many organisations may question the importance of this.

Many take the view that we are living in an age where retention rates are reduced and the employees we invest in move on sooner rather than later. Perhaps this is true, but I argue that a worse fate will befall any company employing a workforce that stops learning.



Last year ASC introduced two masters programs, both financially supported by Defence Materiel Organisation's SADI program.

Our Masters of Marine Engineering, in association with the University of Adelaide, and our Masters of Military Systems Integration, in association with BAE Systems, Saab and the University of South Australia, provide our personnel with dedicated tertiary education in the specific areas of which they work.

These programs, together with a full-range of professional development courses, provide our employees with the opportunity to gain additional skills and to maximise their potential.

We find that our people appreciate the educational support that allows them to establish clear career paths through management and technical pursuits.

Coaching/mentoring

An ageing workforce is a realistic difficulty that all companies must address in the short term. ASC's ageing workforce will see a large number of experienced workers exit the organisation over the next five years.

Our answer to this is succession planning; the key to a successful and continuous workforce.

To retain the knowledge developed over 20 years on the Collins Class submarine program, and to facilitate the sharing of it, we encourage our retirement-age employees to continue on in the workplace in a coaching and mentoring capacity.

The creation of part-time mentoring and coaching opportunities for retirees is fundamental to the transfer of invaluable skills, knowledge and experience.

SME up-skilling

Also, as we heighten air warfare destroyer recruitment activities, there is also an opportunity for ASC to interact with our SMEs, and to assist in the development of their workforce in line with the future skills we require.

Retention

Of course, the recruitment, training and up-skilling initiatives I have talked about today are meaningless if an organisation cannot retain a reasonable number of staff.

Training and professional development opportunities go a long way towards retaining a quality workforce.

In fact, we attribute ASC's current attrition rate of 8% for white collar employees and 0.8% for blue collar employees – well below industry standards - to the extrinsic and intrinsic needs fulfilled through our workplace initiatives.



We must recognise, however, that we're on the cuff of an old employment era. As the skills shortage increases, so too will our resolve and our commitment towards the training, succession planning and recruitment programs we already reap benefits from.

Conclusion

While sourcing and building a skilled workforce for a major program is not an unsurmountable task, it is one that requires a proactive broad brush approach across multiple levels.

Our workforce recruitment and development plan is not a campaign or a short-term strategy in order to fulfil our AWD recruitment needs. It is a fundamental business philosophy that ensures we're well prepared for the challenge ahead.