

**SPEECH BY THE CHIEF THE ARMY
SKILLING AUSTRALIA CONFERENCE
DARLING HARBOUR**

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Ladies and Gentlemen,

The topic recruiting, training and retaining skilled people is an important one for the Australian Army, the ADF and the broader Australian Defence Organization. For a number of years we have been hearing about a skills shortage within the Australian workforce. We have received dire warnings about the impact of our aging population and the consequent decline of productive workers as a percentage of the overall population.

Defence has not been immune to these broader trends, or risks. Nor have our challenges been confined to specific skills. During the period of the economic boom, we faced enormous competitive pressures across all categories of service. In the case of the Army I believe that we have made significant progress in solving the recruitment and retention issues, especially in so far as these were the result of pay and conditions.

Before I address specific impacts of the Defence Industry Joint Training Task Force on the Army, I would like to make a few general observations.

between ranks to more accurately reflect the skills of our work force. There is some evidence that this has arrested some of the retention problem.

In recent years, we have introduced several schemes to retain key elements of our workforce. Some of the schemes have been temporary and were put in place until more enduring initiatives such as remuneration and policy reform could be implemented. These schemes include:

- A targeted trade transfer initiative which encourages serving soldiers to re-skill into new employment categories rather than discharge from Army. In some cases, bonuses have been offered to encourage soldiers to transfer to particular technical trades.
- Retention bonuses targeted at critical ranks and employment categories. These bonuses were designed to retain the personnel asset until the remuneration reform was approved and implemented.
- In response to issues identified in Defence Attitude Surveys and Exit Surveys, greater focus is given to improving geographic stability and providing greater choice in career decisions.
- Strategies are also being put in place to improve the recruiting and retention of women and indigenous people.

While these have experienced varying levels of success, we still have difficulty meeting our quotas for technical personnel and officers. It is time for us to consider moving beyond the current set of initiatives and consider the next steps in recruiting and retaining people for the conduct operations into the second decade of the 21st century.

We need to think strategically about what kinds of remuneration (and not just the monetary kind) that our people will expect in the future. What will their expectations be of their service? What types of leadership will be required to allow us to get the very best from highly networked people?

We are far from exhausting the range of good ideas that are likely to be out there for strategic workforce management. While retention bonuses and attractive salary packages seem to be making some difference, we must be more adaptive and flexible in meeting the expectations of our families as well as soldiers.

The nature of work and family life has changed. The concept of a job for life or a single life-long career no longer appeals to most people. We are working to reduce the posting turbulence by consolidating our base structure. In particular, the expansion our presence in Adelaide offers

more opportunities for employment among our spouses. This is a significant factor in retention of our soldiers. But there is more to be done.

Of course, Army fits into the broader Defence 'space' and as such shares with the other Services, and Groups such as the Defence Material Organisation, the challenges of recruiting and retaining skilled personnel. With this in mind, it is worth briefly examining the strategic environment that Defence must deal with.

A conventional wisdom developed during the resources boom was that Defence always had to find more money to attract and retain skilled people. That assumption will be tested as we enter a period of economic contraction. It may be that there will be a flight to security - especially from sectors such as mining which may experience real turbulence in the next year or so. Public sector employment may become increasingly attractive. However, that prospect should not make us complacent. We must implement the long term strategies necessary to meet the shortage of critical skills in our workforce.

Nor will the underlying dynamics of the aging population give us any respite over time. Those trends are set to coalesce with a major re-

equipment of the ADF that will result in our procuring a large number of very sophisticated platforms.

Our national strategic posture has been reliant on maintaining a technological edge against credible regional threats to offset our relatively small population. We are going to need a highly skilled work force and contractor support base to sustain this edge.

The scope of the challenge facing is daunting as these Australian statistics reveal:

- Currently 170,000 people join the work force each year; by 2020 that number is expected to fall to 125,000.
- Over the next 10 years Australia will need 240,000 additional tradespeople beyond what our current training effort will provide
- One in five young people are not completing year 12 or its vocational equivalent
- 45% of year 12 students are not studying any science or advanced mathematics
- Defence expenditure on acquisition and sustainment will increase by 20% to \$91 billion over the next 10 years. This means the defence

industry needs 12,000 extra engineers and tradespeople in the next decade, with 8,500 alone required by 2011.

That is a challenge – especially as our equipment becomes more technically complex with each successive generation. In response to that challenge the Defence and Industry Planning Statement 2007 recommended the establishment of a Defence-Industry Joint Training Task Force (JTTF). The JTTF was to examine the opportunities for pooled and joint apprenticeships and graduate training where there is a significant overlap between the defence industry and Australian Defence Organisation (ADO) skill requirements.

Ultimately, the task force members agreed that pursuing joint training opportunities without significantly enlarging the pool of available skilled labour and retaining the skills within the defence industry sector, would not produce useful outcomes for either Defence or industry. Consequently, the Terms of Reference for the JTTF were broadened to enable the inclusion of recommendations for additional joint initiatives in areas such as workforce attraction and retention, including greater career mobility between industry, the public service and the military.

The report proposes four broad strategies to address the challenges faced by Defence:

- expand existing successful joint training initiatives in Defence and industry;
- take better advantage of under utilised or untapped sources of skills and labour;
- improve the effectiveness of and efficiency of employee movement between Defence and industry, and
- ‘brand’ the Defence Industry sector’ to address ignorance of employment opportunities in Defence

So what does this mean for the Army?

There are two programs in particular that will either directly, or indirectly, benefit the Army as Defence pursues these four strategic thrusts. These are the school pathways program and the technical scholarships program. I’d like to talk about each of these briefly.

The aim of the school pathways program is to provide career pathways to defence industry for young Australians. It seeks to do this by improving the path for young people into the Defence industry by:

- increasing the pool of young people ready to move from school into further education and apprenticeships, internships, scholarships and part-time work/study combinations in defence industry; and
- increasing employer awareness of options for recruiting young people and the value to business of doing so.

While focussed on the Hunter Region, Western Australia and South Australia, these initiatives will assist in delivering more skilled workers into Defence industry.

The other key initiative is the Defence Technical Scholarships program. It is intended that this will result in improved visibility of Defence sector trades in secondary schools and colleges across Australia. Defence Technical Scholarships are also expected to improve enlistments to trades and be of long term benefit to ADF capability. There is also a capacity for a flow on effect to the DMO and Defence Industry as sector marketing provides the opportunity to market Defence careers to students, parents and career advisors.

This initiative will:

- showcase the defence sector to scholarship recipients through study tours, visits to bases and defence industry; and
- create promotional material (diaries, technical drawing sets, exercise books) and student packs for marketing defence careers to students, parents and career advisors.

While these two programs have an industry focus, there is real benefit to Army and indeed the broader Defence organisation. This is because young men and women who have the prerequisite skills and knowledge to enter Defence-focussed training and education, and have familiarity with the Defence sector in general, benefit us all.

But these will not be the only initiatives that Defence will pursue to improve its capacity to meeting its technical skills requirements.

The third strategic approach of the Defence-Industry Joint Training Task Force aimed at *Improving Employee Movement*. This is all about facilitating movement within Defence and between Defence and Industry. It entails a number of initiatives designed to promote the defence sector as an attractive career especially for people searching for a second career. We are aware that this will demand a paradigm shift in the way the ADF

recruits and manages careers. While Defence industries and APS Defence groups already have flexible recruitment, retention and transition practices, the ADF has more rigid careers structures and promotion paths.

As the Chief of Army, I don't like losing my people when they elect discharge. But, I would prefer to have those leaving the Army move into an industry that still supports us. It is normal that a certain proportion of our skilled personnel will leave the Army every year. However, if I can support them in their transition to a Defence-related industry, I see that as an investment in the future of the Army.

If we are to improve employee movement, we must be more flexible and adaptable in handling lateral recruitment into Defence. We have some way to go in making this work for us. We need to improve our agility and be faster at recognising non-Defence qualifications, skills and life experience. In particular we must be able to fast track employment to absorb people who are on the market because of structural adjustment. The same can be said of our ability to bring people back into the Army after a period of absence. In the current economic climate that seems likely to be more prevalent.

Another method of bringing new staff into the ADF and Australian defence industry is to recruit from overseas sources. We have been recruiting serving Army officers and non-commissioned officers from overseas successfully for some years now, and we could look at using this approach for technical skills.

Alternatively the domestic work force can be enhanced through the creation of virtual teams formed electronically rather than by physical location. This can be either across international boundaries or within Australia. Such teams offer an excellent way to meet short term spikes in activity and unexpected demands for skills, as well as allowing us to match skills to a task without the costs and delays of moving people around.

However, we need to be conscious of the particular security requirements entailed in much Defence work, whether in the form of secure facilities or security vetted and cleared personnel. We also need to ensure that our managers are flexible and adaptive enough to be able to build such teams and maintain morale and cohesion among the work force.

Finally, the fourth broad strategic approach of the Defence-Industry Joint Training Task Force is to *Brand the Defence Industry Sector*. The report

concluded that this strategy would underpin the full suite of attraction and retention initiatives. It is designed to address the widespread ignorance of the countless employment opportunities in Defence. Much Defence employment is invisible and misunderstood by the general community.

In terms of increasing the numbers of people considering the defence sector as a second career, a number of additional approaches can be instituted:

- Provide career advice and expertise and information on the defence sector;
- Develop profiles of employees within the defence sector that illustrate the variety of backgrounds and careers people have;
- Establish a Frequently Asked Questions (FAQs) list that can be used to debunk myths and mistaken perceptions of the defence sector.
- Promote good news stories about the defence sector through the local community in which the sector operates;
- Establish alumni visits by members of the defence sector to demonstrate the variety of exciting career opportunities available to students;

- Leverage the long-term nature of many Defence projects to promote the high job security within the defence industry;
- For the ADF in particular streamline employment transfer processes and provide enhanced career management services.

For these initiatives to be successful it is vital that a communications and advertising campaign be launched to build a separate and recognisable 'Defence Industry' brand to encourage interest in careers distinct from the traditional notions of uniformed service. Ease of movement between Defence and Industry could be promoted as an attraction.

Conclusion

In 1968 I joined the Australian Army as a 15 year old apprentice. Throughout my 41 years in the Army, I have continually seen the benefits of prioritising people, and constantly reviewing how we recruit, train and retain those people. If I had to nominate the most important advantage that our soldiers possess, it is the training and education that they are provided. With over 45 000 regular and reserve soldiers, and civilians, the constant process of training and training reviews to ensure the skills base

of our workforce remains of sufficient quality, quantity and relevance is a challenge.

So forums such as this, that examine best practice in the evolution of skilling our people, are important to me as the Chief of Army.

Thank you for providing me with the opportunity to share some of my thoughts on this issue.

I would be happy to take any questions you may have.