



Defence Teaming Centre Inc
The defence industry association of South Australia
Relevant, Responsive and Reliable

A **SADILP** Concept Paper



Workers Mobility Plan

***“Skill and workforce development are a social issue.
What part can SA Defence Industry play in developing
the State’s workforce into the future, while satisfying
its own commercial and resource requirements?”***

***South Australian Defence Industry Leadership Program, 2011
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Introduction

In order to put forward a compelling viewpoint the opening statement needs to be challenged;

“Skill and workforce development are a social issue.”

History has shown that skills and workforce development are a necessity in an era when not just new technology, but new professions are constantly evolving. To fall behind can impact society in many ways from state level down to the personal level.

A state that doesn't offer a challenging workplace will fail to retain its best talent and fail to attract new talent.

At a personal level, a workforce that is not abreast of the current trends and technologies is less efficient and less attractive, with the potential loss of that industry interstate or offshore. The potential increase in unemployment not only affects the individuals' self-worth, but their chances of finding further employment and the knock on effects of reduced spending in the economy. It would therefore appear ensuring development of skills and the workforce is indeed a social issue.

As the “Defence state”, it would appear logical that the South Australian defence industry with its high tech requirements is an ideal arena in which to foster skills and workforce development. However the cyclic nature of Defence project work and the booming resource industry's apparently insatiable demand for skilled workers present their own unique problems.

In the Australian Defence market, the multinational primes compete against each other not only for projects but a finite pool of talent. The current slowdown in contract awards means these companies risk losing talent either to other industries or through forced job losses. This issue is further compounded when an upturn in

projects arrives and the industry is found lacking in personnel and skills. The nature of Defence work and the security clearances often required makes it difficult to quickly attract and integrate personnel.

To the second part of this paper, it not only appears that the South Australian defence industry has a part to play in the development of the workforce and skills, but that it must also find a mechanism to address this for both commercial and resourcing reasons.

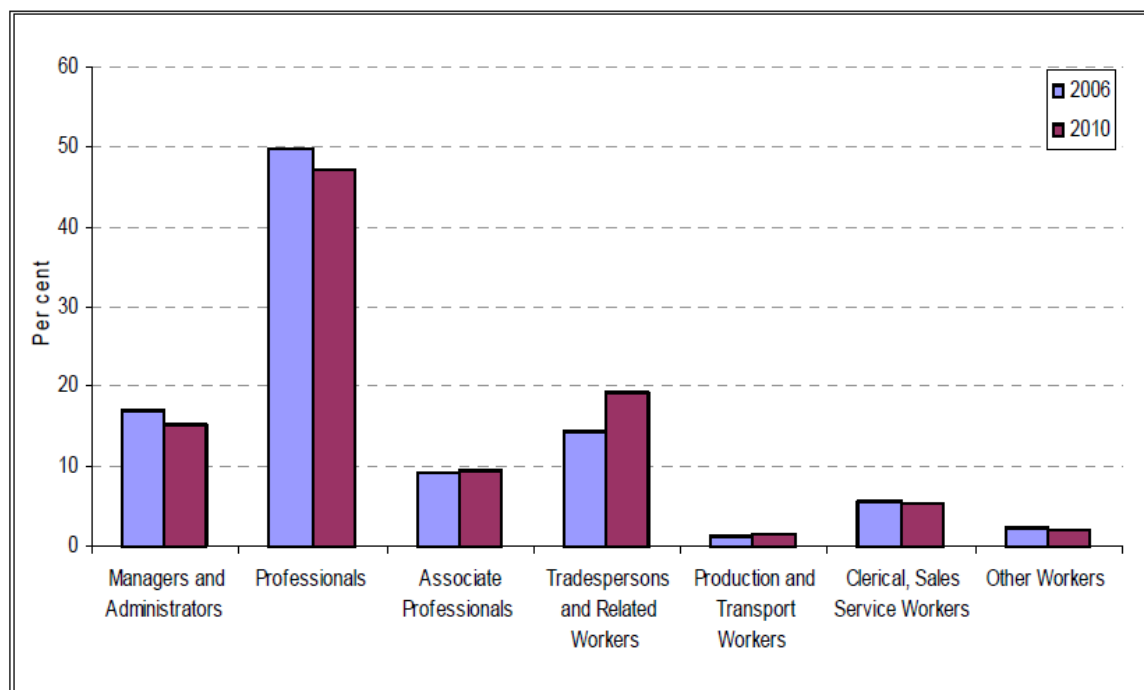
Upon assessing the issues faced it became apparent that one area that needed to be addressed was the difficulties faced maintaining a core pool of talent and the difficulties moving in and out of the defence industry. There appeared to be a need to provide a means to improve the mobility of the workforce. The Defence and Industry Workforce Action Plan (DIWAP, Defence Teaming Centre 2009 Pg.5) lists one of its outcomes as “Skills within the defence industry are fully used”. The authors believe that a Workers Mobility Plan (WMP) could go some way towards achieving this outcome.

Supply and demand of required labour in SA defence industry

The Defence Industry Policy Statement (DIPS, Department of Defence 2010) estimates showed that 50% of the estimated 27,000 employees in Australia's defence industry are working for Small and Medium Enterprises (SME). There are over 3,000 SMEs in the defence industry, of which 260 are members of the Defence Teaming Centre in South Australia.

O'Neill (2007) stated that the defence industry has a higher proportion of highly skilled workers when compared to the South Australian state employment profile. There is a high risk of such workers being targeted for recruitment by other industries such as the resources industry. Many defence industry workers are also required to hold security clearances. The long duration of defence projects, difficulties in obtaining security clearances and the training investments made to up-skill these workers are key considerations in keeping these workers within the defence industry, especially during downturns in Defence project work.

Figure 1: Proportion of Employment by Occupational Categories Current and Expected



O'Neill (2007) provided a breakdown of defence industry employment by occupational categories (see Figure 1). Trained tradespersons reflect approximately 20% of the workforce while professionals make up a large percentage. Uneven Defence work flow carries a high risk of resulting in the loss of defence industry tradespersons and professionals. The ability to retain a pool of security cleared personnel is not only important but also saves time and resources from having to renew or obtain new security clearances for replacement workers. O'Neill (2007) further identified that "the main types of impediments were issues pertaining to security clearance process, availability of highly skilled personnel and higher wages as a result of both inter and intra industry competition".

Current Defence Teaming Centre (2010) estimates for defence industry employment in 2011 are 27,000, with targeted employment of 37,000 by 2020. The DIPS strongly reinforces the strategic importance of ensuring that a skilled and qualified workforce exists, in order to maintain a competitive and sustainable defence industry sector, and confirms a number of previously established federal government defence-related skills and workforce enhancement initiatives, and the associated funding.

Workers Mobility Plan Concept

The concept of worker mobility refers to the ability of a worker to move between different places of employment. Workers can be mobile at three different levels:

- 1) within their own place of employment (i.e. between sites);
- 2) within their own industry (i.e. defence); or
- 3) outside their own industry but within their own profession / trade (i.e. welders can easily transfer their skills between defence, oil and gas, mining etc.).

In the context of a defence industry, the Workers Mobility Plan is a purposeful effort to encourage workers to become mobile at level 2 or within their own industry for the benefit of the industry as a whole. This requires the workers' employers to get on-board and sign up to the concept of a Workers Mobility Plan. The Workers Mobility Plan focuses on achieving three objectives:

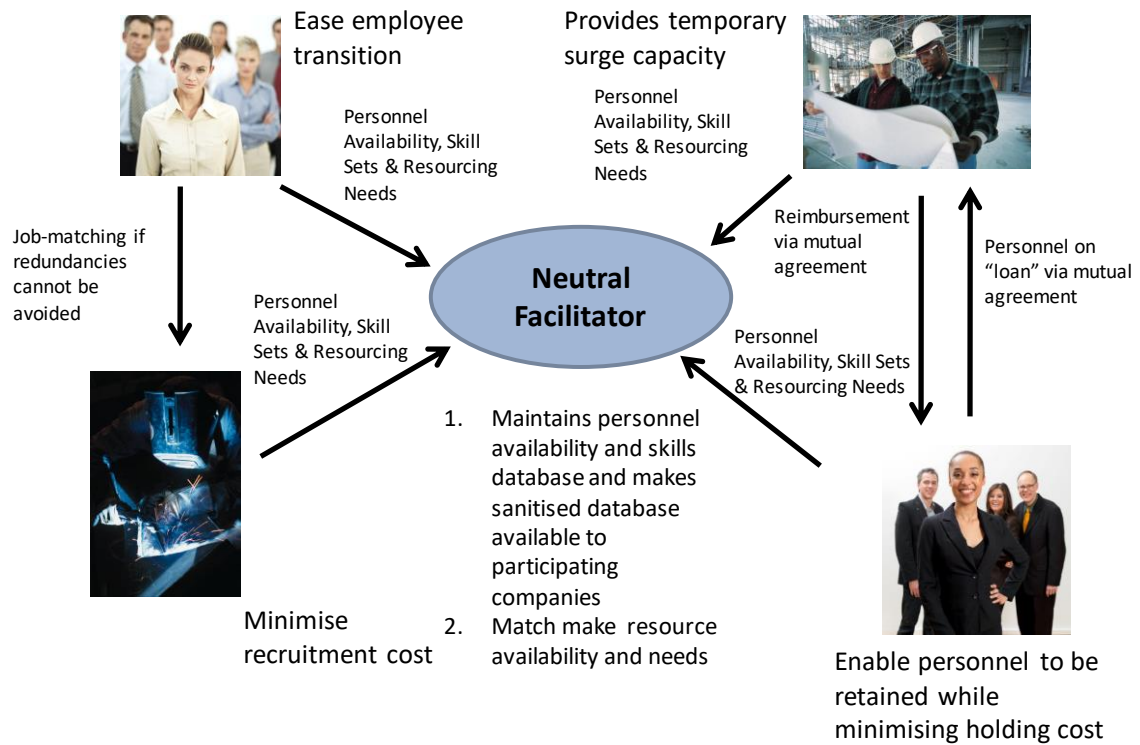
1. reducing workforce churn within companies participating in the plan;
2. lowering the labour holding cost during downturns in defence spending or in between major projects, thus allowing companies to reduce redundancies; and
3. retaining a skilled workforce within the defence industry.

The Workers Mobility Plan will be administered by a neutral facilitator, to which participating companies will submit details of personnel availability, skill sets and resourcing requirements. The participating companies will also agree in advance to a set of labour "loaning" conditions, for example, Work Cover, legal liabilities and leave accrual, which will apply to and underpin all labour "loaning" activities.

The neutral facilitator facilitates contact between companies with excess capacity and companies with resourcing needs, while preventing the leakage of commercially sensitive data. The companies can enter into mutually agreed terms for loaning of labour and reimbursement rates. If redundancies cannot be avoided, the neutral facilitator can facilitate contact for job placement. This mechanism provides the

financial incentives for participating companies to retain their workforce while lowering recruitment costs. This concept is illustrated in Figure 2.

Figure 2: Concept of a Workers Mobility Plan



Impediments to a Workers Mobility Plan

The Workers Mobility Plan concept was discussed with a cross section of companies in the defence industry to gauge the initial response. This included BAE Systems Australia, Air Warfare Destroyer Alliance, Mincham Aviation, Century Engineering and the Defence Teaming Centre. Some of the impediments that will affect the implementation of a Workers Mobility Plan are:

Gaining of Company Confidential Information

The gaining of company Intellectual Property (IP), trade secrets, processes and operational knowledge by competitors was identified in the interviews as being a concern for companies participating in a worker mobility plan. Most of these events would fall into the category of operational effectiveness and without a coherent strategy these will only give short-term gains at best, although it should be addressed within any Workers Mobility Plan. It is also possible that a worker through the Workers Mobility Plan will gain skills returning to their employer and be of greater benefit to the company. However, none of the interviewees reflected this optimism.

Atrophy of Core Skills

A possible consideration for companies participating in the plan is the atrophy of the workers' core skills while they are loaned out, and the need to rebuild the skill levels when they return. This is an area where the companies will need to weigh the benefits of the plan against the efficiency of having to rehire and retrain a new workforce post redundancy. The plan allows the companies to retain some amount of corporate knowledge and skills compared to redundancy measures.

Poaching of staff

Another strong response to the interviews about a Workers Mobility Plan was employers' hesitancy to participate on the grounds their staff may be poached.

Employers indicated that their hesitancy would be somewhat reduced if contractual agreements could be put in place to minimise any such events.

Quality of Participants

The success of the Workers Mobility Plan depends on the participants not treating the plan as a “dumping ground” for staff deemed less qualified or problematic.

Skills Uniformity

For the labour loaning mechanism to work there is a need to define skill sets and competency levels that are accepted by all participating companies, not dissimilar to the DMO Support Services (DMOSS) panel skill types and categories. This ensures a level of common understanding when negotiating labour hiring.

Security Clearances

Recent changes to the processing of security clearances has advantages to worker mobility as clearances are now processed in time blocks of 5 or 10 years and not cancelled when an employee ceases employment. The Defence Security Authority (DSA) advise that if a worker or new employer does not advise DSA of any move it is likely they will contact the old employer on the renewal date and subsequently cancel the clearance. In the case where employees have moved out of the defence industry this could have implications to them re-joining the sector.

Union Buy-In

For companies with a unionised workforce, the successful participation in the Workers Mobility Plan depends on union buy-in.

Mobile Entitlements

The possible transient nature of this plan may mean workers could lose track of or not be able to access superannuation and other company benefits. This could act as

a disincentive for both employer and employee. The construction industry has a working model for mobile benefits (CFMEU, 2011) that can be considered as a possible implementation model. For example, each member registers for long service leave and is assigned a registration number. Construction companies then pay into a common long service leave benefit scheme administered by the Construction Industry Long Service Leave Payments Board, regardless of the employers the workers spend time working for.

Packaging of Work

Facilitating the packaging of work from Defence to allow mobile workers to easily get involved would help. Where it may benefit the project or program, the contract work packages and deliverables may need to be structured to facilitate mobile worker participation.

Funding for Neutral Facilitator

The neutral facilitator role will need to be funded. The funding mechanism was not examined in detail but a possible model is funding through the industry participants using a “pay to play” model.

Risks associated with a Workers Mobility Plan

There are a number of risks associated with a Workers Mobility Plan. These risks have been outlined in Table 1.

Table 1 - Risks associated with a Workers Mobility Plan

Risk	Rationale
Loss of organisational culture	Where employees are working in different companies with different values and beliefs, they may bring these back to their own organisation and thus dilute their organisation's culture.
Employees jump ship	Whether it be through poaching or through personal choice, where an employee has seen that the "grass is greener on the other side", employees may jump ship. They may join competitor companies after enjoying working within them through the WMP.
Employees steer clear of industry	Some employees may see the WMP as causing instability in the workplace environment. There is a risk that a small percentage of employees, particularly those with young families may not like being continuously moved from pillar to post depending on where it is the work is at the time.
Skill matching is conducted poorly	If skill matching is conducted non-uniformly, there is a high likelihood that efficiency and thus productivity will suffer.

Advantages of a Workers Mobility Plan

Although there are impediments associated with the implementation of a Workers Mobility Plan and risks associated with the concept, there are many advantages.

These advantages take affect at the following three levels:

- 1) the employee level;
- 2) the company level; and
- 3) the defence industry level.

Table 2 provides a summary of the advantages of a Workers Mobility Plan at each of these three levels.

Table 2 - Advantages of a Workers Mobility Plan

Employee level

Advantage	Rationale
More varied and challenging work	Employees will be given the opportunity to work on new projects, face new challenges and work in different workplace environments.
Improved job satisfaction	There's a strong probability that providing employees with more varied and challenging work will lead to improved job satisfaction.
Improved skillset	Providing employees with more varied and challenging work will see employees being exposed to better business practices and better ways of doing things. This will lead to an improved and broader skillset.
Improved job security	Under a WMP employees will feel an increased level of job security as redundancies would be less commonplace.

Company level

Advantage	Rationale
Improved ability to retain staff during downturns in defence spending.	Instead of having to let go of staff during periods of little work, under a WMP companies can simply lend out their staff to other companies, thus reducing the usual cost burden.
Reduced redundancy and recruitment costs	As a result of any given company's improved ability to retain staff during downturns in defence spending, redundancies will be less commonplace. This would see the usual costs associated with making redundancies reduced. Recruitment costs will also be reduced as there will not be the need to advertise, interview and hire a large number of employees once a company's workload increases again since that company would not have had to make employees redundant in the first place.
Up-skilled workforce	As at the employee level, where employees will be exposed to better business practices and better ways of doing things; for the company this will have the result of up-skilling their entire workforce.
Re-engage disengaged employees	Disengaged employees are likely to become re-engaged as they are challenged by being given the opportunity to work on new projects and in different workplace environments.

Industry level

Advantage	Rationale
Promote resource sharing	Companies within the industry can share resources amongst themselves to better deal with the “boom and bust” nature of defence work.
Assist the defence industry in attracting and retaining resources	Improved career prospects and improved job security will see more skilled resources want to join the defence industry as well as remain in the industry.
Strengthen collaboration and foster innovation	The very nature of a WMP will see employees from various companies within the defence industry collaborating. Having different minds, from different workplace environments working together will see the industry become more innovative.
Assist the defence industry in delivering on budget and on schedule	Under a WMP, improvements in the defence industry's ability to resource sufficiently and retain key resources when they're most needed will see industry improve its cost and schedule performance.
Assist the defence industry to deliver value for money to the Australian tax payer	Under a WMP, improvements in the defence industry's ability to retain key resources and thus capability will see industry better able to deliver value for money as it will be less likely to have to re-skill its workforce every time a new project comes along.
Reduced level of mobilisation payments	Under a WMP, the Commonwealth of Australia (CoA) will be liable to pay a reduced level of mobilisation payments – those payments associated with maintaining a ‘standing army’ whilst companies are either waiting on the CoA for contract signature or for the next contract to come along. Instead companies will place their employees where they are needed most within the industry.

Recommendations

A four-step process is recommended to investigate the Workers Mobility Plan:

1. Further research should be undertaken by an industry advocacy group (in South Australia the authors recommend that this to be the DTC) to mature the concept looking to a wider audience of the defence community and industry as a whole. A wider survey would help answer questions like how will the plan benefit the whole of Defence, companies within the industry and defence aligned individuals ensuring a refined plan could answer to all stakeholders the “what’s in it for me?” question.
2. A refined concept of the Workers Mobility Plan should allow expansion of the idea to encompass:
 - targeted skills; and
 - strategically important capabilities.

Part of the refined concept plan should have an implementation strategy.

3. With the Workers Mobility Plan concept and implementation strategy the engagement of companies should begin with:
 - questionnaires;
 - briefing papers;
 - presentations; and
 - one-to-one company visits.

This task would help identify potential candidates that would be of benefit to all stakeholders.

4. Roll-out of the pilot program for worker mobility using Key Performance Indicators to monitor outcomes.

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