

DEFENCE FORCE REMUNERATION TRIBUNAL

SUBMARINE SERVICE ALLOWANCE

DECISION

1. On 22 April 1999 the Australian Defence Force (ADF) made application to the Tribunal for an interim review of Submarine Service Allowance. The purpose of the review is to address severe staff shortages presently being experienced in the Submarine Arm.

The Allowance

2. Submarine Service Allowance (SSA) is paid to submariners who are posted to, or available for posting to, a seagoing submarine.

3. The allowance is payable at two rates. The first, the shore rate, recognises the training and additional skills required of all submariners. It is payable to members who are eligible, qualified and liable to serve in the Submarine Arm. The second rate, the seagoing rate, is paid to members who are posted to a seagoing submarine and also recognises the disabilities inherent in living and working in a submarine. A separate rate is payable to trainees when posted to a seagoing submarine.

4. The present rates of SSA are:

- Posted to a seagoing submarine \$15143 pa
- Qualified and not posted \$ 3927 pa
- Trainee on a seagoing submarine \$11217 pa

5. The qualification rate (\$3927) ceases to apply when a member does not return to a submarine posting within 3 years of being posted away.

6. SSA is not payable concurrently with Special Action Forces Allowance. The disability component is not payable with Seagoing Allowance.

1995 Review

7. The last detailed review of SSA was conducted by the Tribunal in 1995 (Matter No.1 of 1995). At that time, the ADF sought a restructure of the allowance into two tiers: a qualification and skill rate based on years of service in the Submarine Arm; and a disability component comprising both a base rate and a disability rate for days spent at sea. The ADF case relied substantially on crewing difficulties in the Submarine Arm and sought a significant increase to the allowance which targeted the attraction of sailors from the surface fleet and from new recruits and the improved retention of submariners.

8. The ADF indicated that an increase in the allowance was only one of a number of issues being addressed by Navy in relation to personnel levels in the Submarine Arm. In this regard Navy had developed a Manpower Strategy for the Arm and advised that implementation of various measures, including manning, training, management and conditions of service initiatives, had commenced in October 1994.

9. The Tribunal decided that the existing structure of SSA would be retained and that the allowance would continue to be paid as two rates, a shore rate and a seagoing rate. In relation to the quantum of the allowance, the Tribunal decided that there were special circumstances which warranted the continued reliance upon elements of attraction and retention in the assessment of the allowance. The Tribunal also took into account other matters in making its assessment of the new rates for the allowance, such as the increased workload being undertaken by submariners. The Tribunal also had regard to the management measures being taken by Navy to address the crewing difficulties.

THE PRESENT REVIEW

Submissions and Evidence

Australian Defence Force

10. The ADF has sought an interim review of SSA based on the problems being experienced with the attraction and retention of submariners. It was said that the need for the review arises because of unprecedented and unpredictable circumstances in attracting and retaining submariners.

11. The Defence Force Advocate submitted that the interim review is needed pending a full work value review of the Submarine Service once the Collins Class has become fully operational. The changes to the allowance proposed by the ADF in the present review are:

- the creation of a tiered structure;
- the establishment of a nexus between Seagoing Allowance and SSA; and
- increases in the rates of SSA as a result of applying the proposed structure.

12. The following structure and rates of the allowance were proposed by the ADF:

0-4 years	\$17350
4-8 years	\$18100
8+ years	\$18850
Shore rate	\$ 5000
Trainee rate	\$12350

13. The ADF called two witnesses in support of its proposal. **Rear Admiral C. J. Oxenbould**, the Deputy Chief of Navy, gave evidence on the effect that the shortage of submariners is having on the Submarine Arm and the measures which the Navy proposes taking to address the situation. Admiral Oxenbould said that there is a general shortage in all categories across the Submarine Arm and that the shortage is at critical levels for particular categories, especially Marine and Electronics Technician submariners. Navy has conducted a detailed analysis of these categories and it is essential that in the short term the separation rate of sailors in the categories be reduced.

14. Admiral Oxenbould referred to the Tribunal's 1995 Review of Submarine Service Allowance in which he gave evidence on the management problems identified in the Submarine Manpower Review. Of the 79 recommendations arising from the review, 76 were endorsed by the Chief of Navy's Senior Advisory Council for implementation. Captain R Glanvill, Royal Australian Navy Reserve, was appointed in early 1999 to conduct an audit into the status of the implementation of the Submarine Manpower Review's recommendations. The audit report prepared by Captain Glanvill dated April 1999 was appended to Admiral Oxenbould's witness statement. In his evidence Admiral Oxenbould addressed the status of each of the recommendations in the Submarine Manpower Review.

15. The Admiral explained that a number of management initiatives have been introduced as part of an overall approach to the transitional difficulties being faced by the Submarine Squadron. These initiatives include: the conduct of a stress report to ascertain the effects which submarine service, and in particular, the change to the Collins platform, have had on members; the commissioning of the Glanvill Report; the development of a proposal for a completion bonus for submariners; the establishment of the position of Director of Personnel Navy with responsibility for strategic personnel policy and reports; and the establishment of a Navy Resource cell to coordinate, manage and monitor personnel reviews.

16. **Captain R A Shalders**, the Commander of the Australian Submarine Squadron, gave evidence on the changes and developments in the Arm since 1995; details of the past, present and future requirements to support the Submarine Arm; and the internal and external factors that are impacting on operational capability.

17. In relation to personnel shortages, Captain Shalders said that although all of the submarine billets are currently filled, it has been at the expense of the shore support elements. As an example, he said that only eight of the twenty eight billets in the Submarine Support Group are filled.

18. Captain Shalders indicated that there has been an exhaustive process of consultation with submariners about the ADF's proposal for SSA and that there has been positive feedback from members about the proposal.

The Commonwealth

19. The Commonwealth supported the ADF's proposal for changes to SSA. The review of the allowance was provided for under the 1997-99 ADF Productivity Arrangement as a matter "significantly affecting military capability".

20. The Commonwealth acknowledged the personnel difficulties faced by the Submarine Arm and noted the multi-faceted approach being adopted by Navy to address these issues. The Commonwealth submitted that although the personnel problems are similar in nature to those identified in the 1995 review of the allowance, the evidence now is that factors caused by the Collins project have resulted in the problems being more severe. These factors include longer periods at sea, limited availability of personnel for operational support and shortages in shore support.

21. The Commonwealth, in support of the proposed tiered structure of SSA, submitted that it would create a nexus with Seagoing Allowance and that the tiering for the seagoing rate better reflects the cumulative effect of sea service and provides an added incentive for continued service in submarines. The cost of the proposed new structure and rates for SSA was estimated to be \$3.3 million per annum.

CONSIDERATION

22. The review of Submarine Service Allowance was undertaken by the Tribunal following a request by the ADF for the allowance to be restructured and increased. The ADF submitted that the review was interim in nature and necessitated by the immediate need to address the very severe shortage of submariners. The ADF foreshadowed that a fundamental review of SSA, based on work value and other considerations, would be called for when the Collins Class of submarines becomes fully operational. The increases and restructured nature of the allowance will be taken into account when that review is undertaken.

23. The Tribunal recognises the important role that the Submarine Arm plays in Australia's Defence strategy and the significant investment in the Collins Class submarines. It is also recognised that there is a very high priority placed by the parties on resolving the current personnel problems in the Submarine Arm.

24. We note that submariners are required to work long hours in onerous conditions and are required to undertake training in excess of that for surface fleet members. We also note that exceptional circumstances currently exist with respect to the Submarine Arm. These include acute personnel shortages; technical difficulties being experienced with the introduction of the Collins Class submarines; the need to retain the Oberon class HMAS OTAMA in service longer than expected; problems related to the final move of the submarine fleet to Western Australia; the very long periods that submariners are required to spend away from their families; the excessive sea time worked; the lack of shore support; and the impact of these developments on morale.

25. The ADF's proposal for SSA is based on attraction and retention considerations, as well as on the introduction of a tiered structure which recognises service at sea. In this latter regard, the ADF is seeking to introduce a similar structure for SSA as was adopted for Seagoing Allowance in late 1995.

26. After the completion of the review of SSA in May 1995, the Tribunal was called upon to consider an agreement between the ADF and the Commonwealth for a new structure and rates for Seagoing Allowance. In a decision given on 12 December 1995 (Matter No. 11 of 1995), the Tribunal approved increases in the rates of Seagoing Allowance and the introduction of a tiered structure for the allowance based on years at sea. During the course of those proceedings the Tribunal raised a concern about possible implications of changes to Seagoing Allowance for other ADF allowances.

27. In the current proceedings, Admiral Oxenbould said that at the time of the review of Seagoing Allowance in 1995 the Navy's judgement was that the difference between that allowance and SSA provided sufficient incentive for sailors to move from the general service into the Submarine Arm. However, there have been several developments since then which have caused submariners to reassess their position. These were said to include the problems associated with the introduction of the Collins Class submarines and the changes in the package of conditions which were previously unique to submariners, in particular accommodation entitlements. In the result, it was said that the current differential between the allowances is not viewed as being sufficient to retain submariners or to attract sailors from the general service.

28. In relation to the proposed tiering of SSA, the ADF submitted that the adoption of a similar structure for Seagoing Allowance and SSA was appropriate and would provide due recognition for service at sea. It was submitted that the new structure of SSA would assist in the attraction of sailors from the general service, in particular those who have accumulated sea service, and would also assist in the retention of currently serving submariners. In his evidence, Admiral Oxenbould said that the tiering of Seagoing Allowance was extremely well received by sailors in the surface fleet as it has provided recognition for members who have spent more time at sea.

29. Following the hearing of this matter, the ADF provided detailed figures to the Tribunal relating to the status of the crewing Collins Class submarines and on general workforce shortfalls within the Submarine Arm.

30. On the material presented, we are satisfied that there are significant problems relating to the training of submariners, the crewing of the new Collins Class submarines and the filling of shore-based positions in the Submarine Arm. We note that Navy is seeking to address these problems through various management initiatives including the conduct of a stress report to ascertain the effects of submarine service, the ongoing implementation of the Submarine Manpower Management Review recommendations, the establishment of the position of Director of Personnel – Navy with responsibility for strategic personnel policy and the formation of a Navy resource cell to coordinate, manage and monitor personnel reviews. We were also advised about the development of a completion bonus to deal specifically with short-term problems relating to the introduction of the Collins Class submarine.

31. Apart from these initiatives, the ADF has sought to address the personnel shortages in the Submarine Arm through a restructuring of SSA and significant increases in the rates of the allowance based on attraction and retention considerations.

32. The Tribunal has in the past raised concerns about reliance on increases in pay or allowances for dealing with problems relating to attraction and retention. We believe that this will not alone provide any lasting solution to the problems being experienced in the Submarine Arm and that such changes to SSA will only be worthwhile if they are combined with a well-devised package of measures to address the causes of the personnel shortages. We note that this was the approach put to the Tribunal in the 1995 proceedings, although there seems to have been some serious shortcomings in the implementation of several of the proposed measures. Nevertheless we repeat our reservations about increases in pay or allowances to address attraction and retention problems especially where the problems may be of a temporary nature.

33. We also have concerns regarding the impact and targeting of the proposed completion bonus for submariners and the extent to which there might be an overlap between the rationale for the bonus and the increases now sought in SSA. Although we were advised that such a bonus is being developed, we were not informed as to the amount or the application of the bonus. Both the Commonwealth and the ADF submitted that it would be inappropriate for the Tribunal at this stage to take account of the proposed completion bonus in the present matter. Whilst accepting this submission, we emphasise the need to avoid an overlapping between the purpose of the adjusted allowance and that for the payment of a targeted completion bonus to selected submariners.

34. In all the circumstances we have decided to give effect to the agreement reached between the ADF and the Commonwealth for changes in the structure and rates of SSA. The new tiered structure of the allowance with rates based on the number of years served at sea is appropriate having regard to the structure now adopted for Seagoing Allowance. We also accept that the adjustments made to Seagoing Allowance in late 1995 have necessitated the revisiting of the rates for SSA. We consider that the new rates for SSA, together with the implementation of other management initiated measures, will assist in addressing the personnel shortages and other crewing problems presently encountered in the Submarine Arm.

35. Given the basis for the present case and the submissions made, there should be a report provided to the Tribunal in six months time on the implementation of the various measures to address the current personnel shortages in the Submarine Arm and on the impact of the changes now made to SSA.

36. For all the reasons given, we have decided to approve the structure and rates for SSA as sought by the ADF and supported by the Commonwealth. The new structure and rates, as set out in Attachment 1, shall apply from the first pay period to commence on or after the date of this decision.

Appearances: R Kenzie QC, Defence Force Advocate, with Lieutenant M Duncan,
for the Australian Defence Force

A O'Brien with M Frawley for the Commonwealth

Date and Place of Hearing

5 May 1999 Canberra

SUBMARINE SERVICE ALLOWANCE

STRUCTURE and RATES

SEAGOING RATE

<u>Cumulative Sea Service</u>	<u>Annual Rate</u>
Completed less than 4 years	\$17350
Completed 4 but less than 8 years	\$18100
Completed 8 or more years	\$18850

SHORE RATE

\$5000

TRAINEE RATE

\$12350