

DEFENCE FORCE REMUNERATION TRIBUNAL

REVIEW OF OTHER RANKS REMUNERATION

REASONS FOR DECISION

The Australian Defence Force (ADF) has sought changes to the Other Ranks remuneration structure following an internal review undertaken during 2003 and 2004.

The Other Ranks remuneration structure provides the basis for salaries paid to all ADF sailors, soldiers and airmen. It accommodates approximately 200 employment groups and covers around 40,000 permanent force members and some 19,000 reservists. The objective of the structure is to allow the ADF to better manage its workforce and to assist the ADF in attracting and retaining good quality personnel. It is a two-dimensional structure in which personnel are remunerated according to both their seniority within their rank, and the work value of their employment category. There are currently seven broad-banded pay groups that provide recognition of levels of work value, ranging from Pay Group 1 to the highly skilled Pay Group 7. The structure is supported by a Definitional Framework which provides a means to quantify and recognise the inherent work value of each employment category.

BACKGROUND

The current Other Ranks remuneration structure was introduced by the Tribunal in 1995 following the ADF Pay Structure Review.

At that time, the Tribunal stated that “the structure must provide appropriate rates of pay for the wide range of employments in the ADF and must also provide scope for the development of career paths within employment categories based upon the work performed by ADF members and their skills and training. The structure will need to include appropriate definitions for the pay levels and be based on proper and accepted relativities...”

The 1995 matter established and populated the new Pay Group 7 with three RAAF System Technician Categories, re-established appropriate margins between the pay groups and ranks and introduced a common incremental structure for members in the ranks of Corporal, Sergeant and Warrant Officer (and their equivalents). A Definitional Framework was also developed as part of the structure to provide a visible, transparent and quantitative method of differentiating between employment categories in work value terms.

In 2003, the ADF initiated an internal review to ensure the Other Ranks structure and the underpinning definitional framework was continuing to meet the current and future capability requirements and that it was equitably accommodating members of all Other Ranks employment categories.

SUBMISSIONS AND EVIDENCE

The Australian Defence Force (ADF)

The ADF submitted that it had conducted an internal Review of Other Ranks Remuneration, the main findings of which include:

- the original principles that underpinned the Pay Structure Review in 1995, including relativities between Pay Groups and ranks, were still current;
- levels of work value within the Other Ranks workforce were progressively increasing, consistent with the ADF employing greater levels of technology and requiring its personnel to progressively up-skill; and
- the distinct division in the Definitional Framework between the upper levels of non-technical categories and the lower level of technical categories had become blurred since the structure was introduced in 1995.

The ADF proposed an amendment to the current structure by allowing for the recognition of a higher level of work value than is currently available. Specifically, the ADF sought to make an eighth Pay Group available to ADF employment categories and to amend the current Definitional Framework to allow for the introduction of the additional Pay Group.

The ADF submitted that the introduction of an additional Pay Group was a pro-active measure aimed to a future need. The new Pay Group would not be immediately populated. Rather, the ADF would, at sometime in the future, bring to the Tribunal matters seeking the inclusion of appropriately skilled employment categories. Pay Group 8 would only apply to the most highly skilled members of the Other Ranks workforce – those whose skills made them very attractive to the civilian industry. The ADF submitted that the new Pay Group would allow it “to remain capable of providing fair and equitable remuneration to its sailors, soldiers and airmen in support of Defence’s roles, needs and requirements”.

The introduction of an eighth Pay Group would also require the Definitional Framework to be extended so that the higher work value could be defined. The ADF submitted that the Framework “must be capable of accommodating the range of work value levels and have sufficient flexibility to change when required, rather than to wait for the industrial process to acknowledge and react to such needs”.

The ADF also sought to amend the Definitional Framework to recognise the demonstrated higher levels of work value achieved by some non-technical categories. When the existing structure was established in 1995, it was approved on the assumption that trades personnel would progress no further than Pay Group 4 and that technicians would not progress beyond Pay Group 6. The ADF submitted that, for a small number of personnel, this is no longer the case. Some examples of non-technical categories currently existing within Pay Group 6 include Clearance Diver, Aircrewman, Commando and Flight Test Photographer.

Finally, the ADF sought to amend the qualifications criteria in the Definitional Framework across Pay Groups 5 – 7 to update the civil equivalent qualifications to more accurately reflect those available under the Australian qualifications framework.

The Commonwealth

The Commonwealth supported the ADF proposed amendments to the Definitional Framework regarding Pay Groups 5-7, submitting that they do not take away from the work value levels represented by the Pay Groups.

In regard to the establishment of Pay Group 8, the Commonwealth was opposed on the following grounds:

- without any employment category specified as the basis to Pay Group 8, the Tribunal cannot be certain of the need, the appropriateness nor the consequences of introducing the Pay Group;
- the ADF approach of seeking the introduction of Pay Group 8 ahead of a Category Review seems driven by internal processes rather than sound industrial rationale;
- the ADF has not provided any evidence to support its claim that the introduction of Pay Group 8 would resolve a number of problems;
- the proposed definition for Pay Group 8 does not adequately describe the work value level distinct from Pay Group 7;
- the proposal is premature given the outcomes from the Remuneration Reform Project are not known, and may have a significant impact on relativities; and
- the proposal may obstruct the rolling in of qualifications and skills allowances in the future.

The Commonwealth submitted that while it did not completely rule out the idea that Pay Group 8 might be warranted, the ADF had not provided sufficient evidence in this matter to show that it is.

The Armed Forces Federation of Australia (ArFFA)

The ArFFA fully supported the ADF proposal including the rationale behind establishing Pay Group 8 ahead of a category review. It submitted that the ADF was being “visionary” in planning for the future and that the additional Pay Group would have no adverse effect on the outcomes of the Remuneration Reform Project.

Returned and Services League of Australia (RSL)

Regular Defence Force Welfare Association (RDFWA)

The RSL and RDFWA supported the proposals put forward by the ADF submitting that they “reflect the workplace consequences of the ever increasing technical complexity and sophistication within both society at large and the ADF in particular”.

DECISION

On 24 February 2005 the Tribunal heard submissions on the Review of Other Ranks remuneration structure. In this matter the ADF sought an extension of the structure by the inclusion of an additional pay group – Pay Group 8.

Following the 24 February 2005 hearing, the Tribunal issued a Statement seeking further submissions on the appropriateness of the rate structures for Pay Groups 1 to 7 at all ranks and increment levels, including relativities between pay groups and ranks.

On 24 March 2005 the ADF provided written submissions on the matters raised in the Tribunal statement. The ADF submitted that the “Other Ranks remuneration structure continues to meet the needs of the Other Ranks workforce. The structure continues to provide a suitable template for the management of employment categories and an appropriate means of recognising the skills and rank requirements of Other Ranks personnel. The structure also provides the necessary flexibility to allow for its incremental improvement in response to the evolving needs of the workforce, ADF capability and government requirements, while at the same time enabling the maintenance of the internal relativities necessary (between skill grades) to support the principle of relative worth across the ADF structure.”

It was further submitted that the relativities across both the rank and incremental structure remain current while margins between skill grades (pay groups) remain appropriate.

The ADF additional submissions were further amplified at a hearing on 5 April 2005.

The Commonwealth submitted that it supported the ADF in relation to the appropriateness of the rates structure for Pay Groups 1 to 7, including relativities.

Having considered all the submissions, the Tribunal does not support inclusion of the Pay Group 8, as proposed. It would be difficult for the Tribunal to set rates for an additional pay group without the full knowledge of the work value of those who may populate it. We are also of the view that further consideration of remuneration relativities within the proposed Pay Group 8 is necessary to address the rates at the higher rank levels.

It is therefore the view of the Tribunal that, should the need arise for the setting of additional rates outside of the current 7 banded structure, the ADF should bring a proposal to the Tribunal that adequately demonstrates the work value and appropriate salary levels of the category or categories that require such consideration.

In regard to the relativities proposed for Pay Group 8, especially at the higher ranks, we note that Warrant Officers' salaries are to be considered as part of the Remuneration Reform Project Block 5 hearing on 24 May 2005, and that this may have relevance to the relativities in pay.

We also note that the parties intend to give further consideration to the underlying definitional framework and encourage them to do so.

The Tribunal considers that further review of the Other Ranks structure may be necessary in the near future. Should the Tribunal approve a new structure for officers, as proposed in the Remuneration Reform Project, which could include populating the officer structure, in the first instance, with those who are in receipt of Qualification and Skill elements of allowances, timely consideration will be needed on the requirement to deal with the consequences for the Other Rank groups within the Other Ranks structure.

Notwithstanding the decision of the Tribunal to not approve the inclusion of an additional pay group, it is still our view that the ADF is not constrained in bringing forward category/trade cases.

APPEARANCES: R Kenzie QC, Defence Force Advocate with Lieutenant Commander
H Cameron, for the Australian Defence Force

J Shingles and H Marshall for the Commonwealth

G Howatt for the Armed Forces Federation of Australia

DATES AND PLACES OF HEARING:

24 February 2005 Canberra

5 April 2005 Canberra