

# **DEFENCE FORCE REMUNERATION TRIBUNAL**

## **REMUNERATION REFORM PROJECT**

### **07 AND 08 OFFICERS**

#### **REASONS FOR DECISION**

In the Tribunal's decision on the Remuneration Reform Project (RRP, Matter No 2 of 2003 dated 27 February 2006) we indicated that we had not accepted the Australian Defence Force's (ADF) submissions on setting salaries for 07 and 08 officers. During the course of the case, the Tribunal suggested that the ADF consider a more flexible arrangement, allowing placement of individual officers within a salary range for each rank. We noted that separate arrangements already applied to 01-06 officers and officers of star ranks and indicated that we would continue inquiry to determine the salary structure to apply to star rank officers.

In a statement on RRP, dated 21 April 2006, the Tribunal noted that the ADF and the Commonwealth made a joint submission to the Tribunal on 12 April 2006. The submission proposed a flexible remuneration model in which the Tribunal set a salary range for each rank and the Chief of the Defence Force (CDF) recommended to the Tribunal the salary level to be determined for each star rank officer.

In that statement we indicated support for this initiative, noting that, while we had sought further submissions to clarify some issues of process, we were satisfied the salary ranges proposed were appropriate as a starting point.

The ADF subsequently provided the additional submissions on the process on 28 September 2006 and we determined the salary ranges as follows:

\$122,727 - \$147,272 for 07 officers; and

\$148,397 - \$178,076 for 08 officers.

In reaching this decision, we took account of the fact that there was already a separate Star Ranks Remuneration Arrangement (SRRA), that the Tribunal is able to, and does, make individual determinations, that differentiation already applied within the most senior ranks by operation of a separate s.58B determination, and that there is a relatively small number of star rank officers, all visible to the Service Chiefs and CDF and whose postings and further careers are managed individually. Individual performance, future leadership succession and the criticality of the job and the person are just some of the factors considered in managing each officer's career at this level.

The Tribunal saw no reason why differential salary determination should not also be available as a tool in recognising and managing those in the senior leadership group.

Changing the salary structure for officers in the ADF has been a major undertaking over many years. The approach we have adopted is able to accommodate a wide range of individual considerations and change, quickly and with minimum overhead.

It also opens a path for further reform of how salaries for star rank officers are managed. The salary ranges determined above largely encompass the salaries for star rank officers in specialist pay scales. We think it would be sensible to manage the salaries for 07 and 08 officers as a whole, within the one structure, rather than to maintain several different salary schedules covering star rank officers. Further, adopting this approach means that a separate SRRA, or including star rank salaries in the Workplace Remuneration Arrangement, is potentially superfluous. We see merit in managing star rank salaries by regular review of the set salary ranges.

We are satisfied that the CDF is best placed to make reasoned recommendations to the Tribunal on placement of officers within the salary ranges. The bottom of the range for each rank will operate as the “on promotion” rate, in the absence of a recommendation by the CDF for individual determination of another rate. The ADF submits that it has taken account of privacy considerations in its internal processes and the Commonwealth submits that it does not envisage making any submission in relation to an individual determination.

The new system is to operate from the date of our determination.