

DEFENCE FORCE REMUNERATION TRIBUNAL

REMUNERATION REFORM PROJECT

PHASE 4

REASONS FOR DECISION

The Tribunal's Reasons for Decision on the Remuneration Reform Project Phase 3, on 27 February 2006, stated "work must now progress, as a matter of urgency, to complete a pay structure for the Other Ranks which also includes the Qualification and Skill (Q & S) elements of allowances."

The Australian Defence Force (ADF) has sought the introduction of a new pay structure for Other Ranks under the Remuneration Reform Project (RRP), which commenced in early 2002.

This phase of the RRP affects all ADF Other Ranks with the exception of members of Warrant Officer Class 1 (E) ranks.

BACKGROUND

In a joint submission on 5 December 2006 the Australian Defence Force (ADF) and the Commonwealth sought the introduction of a revised salary structure for Other Ranks. The proposal includes the creation of a sixteen pay group structure to incorporate Q & S elements of Special Action Forces Allowance, Special Operations Allowance, Flying Allowance and Submarine Service Allowance.

EVIDENCE AND SUBMISSIONS

The Australian Defence Force (ADF)

The ADF submitted that key considerations during the development of the proposal included: the need to create significant differentials between Pay Groups; the desire to minimise transitional pay points and the need to ensure that there is no detriment to any members.

The ADF proposed creation of a sixteen pay group structure to incorporate the Q & S elements of Special Action Forces Allowance, Special Operations Allowance, Flying Allowance and Submarine Service Allowance, with the following characteristics:

- Pay Groups 1, 2 and 3 maintain their current salary rates;
- Differentials of \$2084 between each Pay Group at all rank levels from Pay Group 3;
- Q & S elements of allowances banded into multiples of \$2084. A member currently receiving one of the specified Q & S allowances is to advance in the new structure to the corresponding Pay Group; and
- Salary increases for members in Pay Groups 4 – 7. Pay Group differentials would increase by a small amount at the lower ranks (from \$1894 to \$2084), but increase by a larger amount (from around \$850 to \$2084) at the higher ranks.

The ADF also submitted that the incorporation of the Q & S elements of allowances for Other Ranks is in harmony with that of the Graded Officer Pay Structure and that a consistent methodology has been applied in the rounding up of the various Q & S elements.

Further, the ADF acknowledged the need for future remuneration reform and submitted it is considering the option to further consolidate the proposed 16 pay group structure to 8 pay groups. This would further align the Other Ranks and Warrant Officer Class 1 (E) pay structures.

The Commonwealth

The Commonwealth submitted that it has worked in conjunction with the ADF in the development of the proposed salary structure. In its view, sound methodologies have been applied in determining the definitional constructs that inform the graded pay rates and also relativities of rank and quanta levels were carefully considered. Further, the Commonwealth submitted that the combination of these dimensions under the current proposal, gives a significant level of flexibility in management of the remuneration structure.

Returned and Services League of Australia (RSL) and the Regular Defence Force Welfare Association (RDFWA)

The RSL and the RDFWA made a joint submission and were supportive of the ADF proposals on the principles, structure and methodologies and the rolling in of Q & S elements into salary.

However, the RSL/RDFWA took issue on the level of intrusion and compression that would now be experienced by members at “higher echelons”, specifically noting promotion from Warrant Officer Class 2 (E) to Warrant Officer Class 1 rank and into the officer ranks.

The RSL/RDFWA also submitted that both organisations have some concerns about the ADFs ability to implement the proposed changes in a relatively short time frame.

DECISION

Having considered the submissions and evidence, we are satisfied that the proposed structure forms a sound basis for remunerating Other Ranks. The structure not only accommodates the incorporation of allowances but also reduces compression at higher ranks. We have therefore decided to approve the structure as sought by the parties.

However, the Tribunal has, on a number of occasions, questioned the adequacy of salary progression for a Warrant Officer Class 2 (E) to Warrant Officer Class 1 (E), which was also commented upon by the RSL/RDFWA. We note that the parties are to bring a placement case for the new Warrant Officer pay scale in the first half of 2007.

We also note that the ADF and the Commonwealth, acknowledging the need for further remuneration reform, are considering the option to further consolidate the proposed 16 pay group structure to 8 pay groups, and encourage this sensible progression.

The new structure is to apply on and from 9 August 2007. However, we encourage the ADF to apply itself to the earliest possible implementation and would re-open the case to accommodate an earlier date of effect.

The parties should provide a draft determination to the Tribunal Secretariat by the end of January 2007. In drafting the determination, the parties should carefully consider the comments that we have made during the course of the proceedings.

APPEARANCES R. Kenzie QC, Defence Force Advocate with Lieutenant
Commander T. Whitting for the Australian Defence Force.

M O'Neill with K Gifford for the Commonwealth.

P Morrall for the Returned and Services League of Australia
and the Regular Defence Force Welfare Association.

DATE AND PLACE OF HEARING:

5 December 2006 - Canberra