

DEFENCE FORCE REMUNERATION TRIBUNAL

RESERVE REMUNERATION REVIEW

REASONS FOR DECISION

The Australian Defence Force (ADF) proposed changes to Reserve remuneration as a result of a review by the Head of Defence Personnel Executive and Head Reserve Policy of salary, salary related allowances and conditions of service for Reserves.

The Reserve Remuneration Review (RRR) follows a number of significant changes on the employment of Reserves, including:

- increased reliance on Reserves as a result of the 1996 Defence Reform Programme reduction for the Permanent Force;
- the 2000 Defence White Paper which increased the role for Reserves in overall ADF capability plans; and
- legislative changes to widen call-out provisions and to protect the civilian employment of Reserve members.

SUBMISSIONS AND EVIDENCE

On 25 August 2006 the ADF and the Commonwealth provided the Tribunal with a joint submission on Reserve Remuneration.

The joint submission proposed removal of the current salary discount of between 10 to 15 per cent which has been applied to Reserve members' salaries compared to salary levels for Permanent Force members. The salary discount was to be removed for Reserve members who have the capacity to be deployed to perform an identified function to meet Defence capability. The relevant categories of Reserves are:

- High Readiness Reserve (HRR).
- Reserve members who were previously Permanent Force members.
- Members engaged in Reserve Only Trades.
- Members in the Specialist Officers Career Structure.
- Other members who satisfy the criteria as determined by the Chief of the Defence Force.

The Australian Defence Force (ADF)

Apart from the joint proposal to remove the discount factor for certain Reserve members, the ADF also sought the introduction of a Reserve Allowance, similar to Service Allowance for a Permanent Force member, to compensate for the disabilities inherent in Reserve service.

Historically, Service Allowance in the Permanent Force has been expressed as being paid for:

- the requirement to be on call and the liability to work long and irregular hours, including weekends, public holidays and shifts;
- the turbulence in postings caused by the liability to be moved frequently, and often at short notice, to meet the needs of the Service and the effects of this on the member and the member's family; and
- the requirement at times to live and work in uncomfortable conditions.

The ADF submitted that these four areas of service associated disability apply to Reserve service, although to a varied extent when compared to the Permanent Force. It was contended that, under the 'one force' concept, Reserve members are required to be on call, they must conform to ADF standards of discipline, behaviour, dress and bearing and are exposed to the same uncomfortable conditions as their Permanent Force counterparts whilst providing service.

The rate of Service Allowance at the time of this review was \$9691 per annum. This figure equates to a daily rate of \$26.55, using the established 1/365 division that has been applied for Reserve remuneration. The ADF proposed the establishment of a Reserve Allowance of \$10 per day of Reserve service, paid to members at the rank of Major (Equivalent) and below to compensate for the disabilities associated with Reserve service.

The ADF called a number of witnesses.

Major General M. Evans, Head of the Personnel Executive, gave evidence on the relationship between the Permanent and Reserve forces, the changing role of the Reserve and the requirement to address unsustainable separation rates, especially for the Army Reserve.

Major General N.M. Wilson, the Assistant Chief of the Defence Force – Reserves and Head of the Reserve Policy Division, gave evidence on changes to the role of Defence Reserves. He said that certain Reserve personnel provide access to a wide range of skills not readily available in the Permanent Force and are therefore an integral part of the ADF's capability. For example, Reservists provide a significant portion of medical resources used in recent humanitarian relief operations.

In his evidence, Major General Wilson said that the proposed Reserve Allowance and the removal of the discount factor are part of a package designed to attract and retain Reservists. Other initiatives include health support allowances for the High Readiness Reserve and Active Reserves and an annual completion bonus for the High Readiness Reserve.

Air Vice Marshal J.N. Blackburn, the Deputy Chief of Air Force, gave evidence on the employment of Reservists in the Air Force. He said that Air Force Reservists are trained to the same proficiencies as their Permanent Force counterparts and form an integral part of the total Air Force workforce and are an essential element of Air Force capability.

Air Commodore P.J. McDermott, Director, General Reserves – Air Force, gave evidence on the strategic changes in the employment of Air Force Reserves and their contribution to Air Force capability. In his evidence he said that Reservists are required to be on the same notice to move requirements as for Permanent members, with an increased emphasis on Individual Readiness requirements and preparedness.

Commodore R.P. Elsey, Director General Reserves – Navy, gave evidence on the employment of Reservists in the Royal Australian Navy. Navy has adopted a ‘total force’ approach which has resulted in the full integration of the Reserve Force. He said that Navy Reserve members today work in the same environment as the Permanent Navy and are subject to a range of disabilities arising from their service.

Captain D.W. Bates, Director of Naval Training, gave evidence on training requirements for Navy Reservists which, he said, is conducted at a similar level to that of the Permanent Navy.

Brigadier C.G. Appleton, Commandant of the Royal Military College of Australia and Head of Corps for Infantry gave evidence on the delivery of training requirements for the Army Reserve.

Brigadier A.G. Melick, Director General of Reserves – Army gave evidence on changes to Reserve service. In his evidence he said that Reserve members have an increasing liability to work long and irregular hours and, like their regular counterparts, are increasingly required to live and work in uncomfortable conditions. He also gave evidence regarding the move away from common induction training which had caused Reserve numbers to decline. He further said that the discounting of Reserve salaries had always been a matter of discontent and had an effect on retention at the four to five years of service mark.

In relation to the proposed Reserve Allowance of \$10.00 per day, Brigadier Melick was of the opinion that the amount was conservative but would provide recognition of disabilities similar for that of a Permanent member receiving Service Allowance.

The Commonwealth

In the joint submission and in oral submissions, the Commonwealth fully supported the ADF proposals for Reserve Remuneration.

The Armed Forces Federation of Australia (ArFFA)

ArFFA supported the ADF and joint ADF and Commonwealth proposals. ArFFA did, however, submit that the proposed Reserve Allowance should be titled Service Allowance, Reserve element or Reserve component, so it could be reviewed and adjusted whenever a Service Allowance review is conducted.

DECISION

Having considered the submissions and, in particular, the evidence in this matter, we have decided to approve the changes to Reserve Remuneration as sought by the ADF.

We note that the changes to Reserve Remuneration are to be part of a wider package designed to improve recruitment and retention for Reserve members.

In coming to our decision, we note the ADF's agreement with the Commonwealth and the support of ArFFA. We have relied on the evidence in regard to the changes to Reserve employment as part of the "total force", the impact of short notice to move requirements for deployments, in line with Permanent Force provisions, and the increased emphasis on individual readiness requirements and preparedness for Reserves.

APPEARANCES: Mr R Kenzie QC, Defence Force Advocate with Lieutenant A Lewis for the Australian Defence Force.

Mr M O'Neill with Ms K Gifford for the Commonwealth.

Mr G Howatt for the Armed Forces Federation of Australia.

DATE AND PLACE OF HEARING:

1 August 2006 Canberra