

DEFENCE FORCE REMUNERATION TRIBUNAL

MATTER NO 1 OF 2008

NAVY CAPABILITY ALLOWANCE

STATEMENT

The Australian Defence Force (ADF) has sought the introduction of a Navy Capability Allowance to address the acute and pressing nature of Navy Workforce issues. This is the first application to the Tribunal for determination of a Capability Allowance.

In the context of discussions on the Graded Officer Pay Structure in 2007, the Chief of Navy and the Maritime Commander advised the Tribunal of unprecedented workforce manning issues impacting the delivery of Navy capability. On 28 June 2007 the Tribunal wrote to the Chief of Navy suggesting an approach “which may be of assistance in accommodating a timely review.”

As a result, the Tribunal visited HMAS STIRLING in Western Australia in July 2007 and was briefed by the Director General Navy Personnel and Training in August, September and October 2007.

In a written submission the Commonwealth supported the introduction of the Navy Capability Allowance as proposed by the ADF. Inter alia it also endorsed the need for Key Performance Indicators (KPIs) in assessing the effectiveness of the new allowance.

The Returned and Services League of Australia and the Regular Defence Force Welfare Association of Australia, in a submission to the Tribunal, also supported the ADF proposal.

Having considered the submissions and evidence, we have decided to approve the introduction of the Navy Capability Allowance as proposed by the ADF and supported by

the Commonwealth and interveners. The date of effect for the allowance is to be on the date of signature of the determination.

As the Tribunal said in Matter 2 of 2003, by its nature a capability allowance is to operate for a short period and be subject to regular review. We note that the ADF, in consultation with the Commonwealth, has developed KPIs to measure the effectiveness of such an allowance in dealing with the retention issues currently being experienced by Navy. We endorse this. In our view KPIs are essential for review of the effectiveness of the Allowance. We also consider that the Capability Allowance can deal only with part of Navy's issue. It needs to be accompanied by other initiatives. Accordingly, we accept the ADFs proposed timetable for report back on progress on the KPIs and "other deliverables" to improve retention.

Reasons for decision will issue shortly to which the parties should pay close attention.