Defence Force Remuneration Tribunal

DECISION

Defence Act 1903
s.58H—Functions and powers of Tribunal
s.58(H)(2)(a) – Determination of the salaries and relevant allowances to be paid to members
s.58KD – Determination giving effect to agreement between the parties

2026 WORKPLACE REMUNERATION ARRANGEMENT
(Matter 15 of 2026)

MS B O'NEILL, PRESIDENT

MS A LESTER, MEMBER

MAJGEN G FOGARTY AO RETD, MEMBER

CANBERRA, 24 SEPTEMBER 2026

[1] This decision arises from a listing application[1] for a determination to be made under section 58KD of the *Defence Act 1903* (the Act) which provides that:

'*The Tribunal may, in making a determination, give effect to any agreement reached between the Minister, acting on behalf of the Commonwealth, and the Chief of the Defence Force, acting on behalf of the Australian Defence Force, in relation to a matter to which the determination relates*'.

The Australian Defence Force (ADF) and the Commonwealth (together, the parties) have filed a joint submission titled *2026 Workplace Remuneration Arrangement.* The parties seek a determination under section 58KD of the Act giving effect to an agreement reached between them in relation to ADF remuneration.

[2] Subsection 58K(9) of the Act provides that:

'*the Defence Force Advocate and a person representing the Commonwealth are entitled to be present, and to make submissions to the Tribunal, during any proceeding before the Tribunal*'.

A virtual hearing was conducted by video link on 17 September 2026. Mr P Keane appeared on behalf of the ADF and Mr K Wong appeared on behalf of the Commonwealth in support of the joint submission.

[3] Subsection 58K(10) of the Act deals with the circumstances in which a person or body may be permitted to appear before the Tribunal:

'*Where the Tribunal thinks that a person or body should be heard in relation to a matter that is being, or is to be, considered by the Tribunal, the Tribunal may permit the person or body to be present, and to make submissions to the Tribunal, during proceedings before the Tribunal in relation to that matter.*'

The Defence Force Welfare Association (DFWA) sought leave to intervene in the proceedings[2] and was granted permission to be heard in this matter[3]. Mr L Bienkiewicz appeared on behalf of the DFWA.

Background and provisions of the Workplace Remuneration Arrangement (WRA)

[4] The WRA is a framework that allows for annual remuneration adjustments for members of the ADF. It enables remuneration outcomes to be considered in the context of workforce capability, attraction and retention issues, fiscal considerations and the unique nature of military service. The Tribunal has previously considered 15 WRAs, the most recent being the current *ADF WRA 2023-2026*.[4] The present proposal will wholly replace that WRA.[5]

[5] The WRA applies to members of the Permanent Forces and Reserves, excluding statutory office holders whose remuneration is determined by the Remuneration Tribunal. Historically, WRAs have addressed matters including salary adjustments, workforce capability, consultation requirements, and the contribution of ADF members to the delivery of Defence capability.[6]

[6] The salary and allowance provisions of the WRA do not operate in isolation. Rather, they complement the broader suite of monetary and non-monetary benefits available to ADF members, including many benefits provided under section 58B of the Act, which fall outside the jurisdiction of this Tribunal.[7]

[7] We note the provisions of the Act do not permit the Tribunal to vary a proposal made jointly under section 58KD of the Act. We may either accept or reject the arrangement reached between the parties. If rejected, a revised proposal would need to be jointly agreed and resubmitted for consideration.[8]

The joint submission of the parties

[8] The parties seek approval of an initial one-year arrangement operating from 5 November 2026 until 3 November 2027. The proposal provides for a 3 per cent increase to salary and salary-related allowances and contains no trade-offs, productivity offsets, reductions in conditions of service or changes to retention initiatives. The parties further submit the proposal will be funded from within Defence's existing budget.[9]

[9] The parties intend to return to the Tribunal in 2027 with a further joint submission seeking to extend the WRA and determine salary outcomes for 2027 and 2028. They describe the present proposal as an interim arrangement designed to provide additional time to assess economic conditions, Defence workforce trends, Australian Public Service (APS) bargaining outcomes and the Government's wages policy, while ensuring ADF members benefit from a salary increase in the interim.[10]

[10] The one-year duration of the proposal is proposed by the parties largely due to changes to APS bargaining arrangements introduced in 2024. The parties note that '*historically, the combined Defence workforce, consisting of ADF members and APS employees, received comparable general wage increases at around the same time*'.[11] The introduction of coordinated APS bargaining has fundamentally altered the timing of APS salary increases, and as a consequence, salary adjustments under most APS enterprise agreements now occur later than ADF salary increases.[12]

[11] The parties emphasise that APS salary outcomes do not determine ADF remuneration outcomes. Rather, they submit APS salary outcomes provide a contextual guide within a broader framework of workforce, budget and capability considerations. They further submit that maintaining broad alignment between ADF members and APS staff '*promotes fairness across both workforces, facilitates whole-of-Defence funding decisions, and supports the broader 'One Defence' approach*'.[13]

[12] The parties also emphasise that the proposal does not prevent future adjustment should APS outcomes substantially exceed the proposed increase. In this regard, the parties state that '*in the event that ADF members are disadvantaged by the outcome of the Government bargaining process, the ADF and Commonwealth reserve the right to return to the DFRT with an additional pay adjustment*'.[14]

[13] The Commonwealth notes the ADF is not alone in adopting transitional arrangements to reposition their negotiations until after the conclusion of APS wide bargaining. It notes in particular that '*the Australian Signals Directorate, which is within the Department of Defence portfolio are applying a 3 per cent increase to base salary over the next 12 months*'.[15]

[14] In support of the proposed 3 per cent increase, the parties considered a range of economic indicators. These included annual Wage Price Index (WPI) growth of 3.2 per cent to June 2026 and annual Consumer Price Index (CPI) growth of 3.5 per cent to July 2026. They also considered Treasury and Reserve Bank of Australia forecasts, together with Fair Work Commission wage review outcomes.[16] They note the proposal '*is reflective of the current* *budget and fiscal environment*' and that it exhibits a '*strong regard to deliver a remuneration adjustment that is affordable*'.[17]

[15] The parties highlight that these economic indicators are relevant contextual considerations, but are not determinative of ADF remuneration outcomes. They submit that previous WRAs have adopted the same approach, noting '*that whilst observed, CPI has not historically been given significant weight as a determinant in considering the quanta of the WRA increases due to its volatility*'.[18]

[16] The parties submit that the proposed increase should be considered alongside the broader suite of remuneration and workforce initiatives available to ADF members. They note that salary and salary-related allowances form part of an extensive employment package incorporating conditions of service, superannuation, housing, healthcare, training and career opportunities.[19]

Submission of the Defence Force Welfare Association

[17] The DFWA was granted leave to intervene in these proceedings and provided a detailed written submission in addition to oral submissions made at the hearing. The DFWA noted its longstanding role in representing the interests of serving ADF members and submitted that it was able to provide the Tribunal with an independent perspective of workforce sentiment regarding the proposed WRA.[20]

[18] The DFWA expressed concern regarding both the proposed quantum of the increase and the decision to pursue an initial one-year arrangement. It stated it was '*surprised at the one-year offer as it is a departure from previous WRA arrangements*' and submitted that it was '*disappointing that the proposed 3% increase effectively means that ADF members and their families will go backwards in terms of salary and therefore their standard of living*'.[21] It noted '*that the proposed 3 per cent compares unfavourably with recent pay increases awarded to other deserving sectors of the community*'.[22]

[19] The DFWA further questioned why future remuneration outcomes should be influenced by APS bargaining outcomes. It submitted that the proposed linkage between APS and ADF remuneration outcomes was inappropriate, given the distinctive obligations and conditions associated with military service. It contends that '*ADF remuneration must be assessed against the unique nature of military service that the Tribunal is required to consider*.'[23]

[20] In support of its position the DFWA undertook engagement with its membership and the broader ADF community through direct communications, social media engagement, public meetings and surveys. The DFWA submits that member sentiment was overwhelmingly negative and that '*ADF members and their families are uncomfortable with the one-year arrangement. They're disappointed with the 3 per cent offer, and they are also suspicious of the link to APS wage fixing arrangements*'[24]. It described workforce feedback as consistently identifying concerns regarding inflation, housing costs, retention and competition from civilian employers.[25]

Consultation and engagement

[21] We accept the evidence that the ADF utilised multiple communication channels to engage with ADF members on the details of the proposal. We note this included ADF-wide messaging, DEFGRAMs[26], intranet publications, webinars, and provision of a dedicated email address for feedback. ADF commanders and managers were also provided with communication products and talking points to facilitate discussions within units. Whilst we note engagement with ADF members began later than in previous WRA processes, we accept that personnel were given suitable opportunities to be informed of the proposal and provide feedback.[27]

[22] We note the level of participation achieved through these activities. More than 2,000 ADF members accessed online material relating to the proposal, and Defence received feedback through multiple channels. Questions raised by members focused on inflation, cost-of-living pressures, APS comparisons, future WRA arrangements, superannuation, allowances, and broader conditions of service.[28]

[23] We accept the evidence that feedback received from ADF members has been collated by the Directorate of Military Remuneration and will inform the development of the remuneration proposal intended to come before the Tribunal in 2027.[29] We acknowledge that social media channels were monitored throughout the consultation and engagement process. We note the evidence that online sentiment '*has been balanced, with some members unfavourably comparing the offer to CPI and others happy to see an increase to their pay*'.[30]

[24] We note that consultation occurred not only through Defence-led processes but also through engagement undertaken by the DFWA.[31] While the DFWA summary of ADF member survey responses provided an indication of member views, its evidentiary value would have been enhanced by the inclusion of general participation data, including the number of responses received. Such information would have assisted the Tribunal in assessing the breadth and representativeness of the feedback obtained.

Consideration

[25] This proposal differs from recent WRAs by operating for an initial period of only one year. We accept the reasoning that the one-year arrangement is sought '*to provide the parties with additional time to consider fluctuating economic indicators, the Defence budget, the APS pay policy and the finalisation of APS bargaining outcomes*'.[32]

[26] We acknowledge that APS bargaining reforms have changed the timing of APS remuneration outcomes and that those outcomes will not be fully known at the time this WRA takes effect. We accept that APS outcomes have historically informed, but not determined, ADF remuneration settings, and that the proposed interim arrangement provides an opportunity for longer-term remuneration outcomes to be developed once those matters become clearer. This will ensure that ADF members receive a salary increase upon the expiry of the current arrangement and are not disadvantaged unduly while these matters can be considered. We are satisfied that the changed APS bargaining environment, the uncertainty surrounding future APS remuneration outcomes, and the parties' desire to further assess workforce, economic, and fiscal conditions, provide a reasonable basis for the transitional or interim approach proposed.

[27] We note the DFWA's submission that ADF remuneration arrangements should not be linked to APS wage outcomes.[33] We accept that military service is unique and that remuneration outcomes must continue to reflect the particular obligations associated with service in the ADF. APS bargaining outcomes are only one of many factors relevant to ADF remuneration decisions. However, APS remuneration outcomes have historically provided a useful reference point for workforce and funding considerations across Defence, without becoming determinative of ADF remuneration outcomes.[34]

[28] We acknowledge the concerns raised by the DFWA regarding purchasing power and the potential for ADF members to be '*going backwards in terms of remuneration and standards of living*' if salary increases do not keep pace with inflation.[35] Significant reliance was placed in the submission on the fact that the wage increase of 3 per cent provided by the WRA is less than the current CPI figure of 3.5 per cent (year to July 2026). However, the national CPI has not historically been used as a direct or sole determinant of ADF WRAs, nor of enterprise bargaining outcomes in the economy more generally. A wide range of factors unique to the relevant sector and market are considered in such determinations. We consider that the headline inflation figure (CPI) is an important contextual consideration, but not the sole basis upon which adjustments to military remuneration should be assessed.

[29] We have considered the economic indicators referred to in the submissions. In the 12 months to July 2026, CPI rose by 3.5 per cent, down from 3.8 per cent in the 12 months to June 2026.[36] The CPI can fluctuate significantly based on external shocks (world conflicts, fuel and other supply shortages, droughts) and does not always follow an even trend. Whatever the CPI figure, there is no doubt that cost of living pressures are felt keenly by all Australians whenever they pay their rent or mortgage, buy food at the supermarket or fill up at the petrol bowser. It is therefore welcome news that CPI is forecast by the Reserve Bank of Australia to ease further to 2.8 per cent in the coming year.[37]

[30] While acknowledging cost of living pressures, the ADF noted that ADF members are partly shielded from the full effects of cost of living increases because of the unusual combination of non-salary employment benefits afforded to them. In response to the Board's questions, Mr Keane noted three significant spending categories where ADF members are substantially or partly shielded from the full effects of rising costs, being medical and dental services and insurance (where the costs are borne directly by the Commonwealth), and most significantly, the cost of housing.[38] Mr Keane explained '*ADF members do pay a CPI-related increase in relation to their contribution to housing, but the Defence Housing Authority maintains the ADF contribution at a rate of 50 per cent of the cost of providing housing. So, whilst it goes up, it effects ADF members at half the effect…because of the way the housing is subsidised.*'[39]

[31] Military service provides access to a range of benefits which contribute materially to the value of ADF employment including the three mentioned above plus relocation support, distinctive employer-funded superannuation arrangements, and a broad range of allowances and entitlements designed to support the unique demands of military service. ADF members are also provided with insurance coverage under bespoke compensation and rehabilitation legislation, and benefit from career long education at Commonwealth expense.

[32] These arrangements provide an important form of support to members and assist Defence to maintain a healthy and deployable workforce. The proposed salary increase operates alongside a broader suite of remunerative and non-remunerative benefits which support the overall competitiveness of ADF employment. In addition, the ADF has been active in seeking to recognise increases in the value of the work performed by ADF members including as a result of changes in technology, bringing applications to the Tribunal seeking pay grade and allowance increases. Most notably this included Matter 4 of 2025 *Targeted Workforce Segments*.[40] It is important that the base salary structure retains its underlying value so that the impact of these work value increases is not eroded.

[33] While the initial 3 per cent salary increase offered in the one-year WRA is below the current headline national CPI figure of 3.5 per cent (to July 2026), we accept that the direct provision of housing, health and insurance benefits by the Commonwealth as outlined above may partially shield ADF members from some significant expense components which make up the total CPI.

[34] The DFWA also relied upon the Australian Bureau of Statistics WPI data from March 2026, showing annual wage growth at 3.3 per cent, and the Fair Work Commission's 2026 wage reviews which increased the national minimum wage by 5.2 per cent and modern award minimum rates by 4.75 per cent, both effective from 1 July 2026. The DFWA submitted that a lower increase for ADF members would erode trust and morale.[41]

[35] We accept that broader movements in wages and superannuation benefits across the economy are relevant considerations and are one of many factors to be considered. The WPI is known to fluctuate significantly, depending on the outcome of particular bargaining cycles in the public sector and in other large industries. The WPI has been impacted over the past year by significant wage increases awarded on gender pay equity grounds in the large aged care and social and community services sectors, with increases applying to large numbers of employees. A single point in time WPI figure is less useful than broad monitoring of trends and industry sector wage movements. The Commonwealth noted in its oral submissions that the WPI is also projected by the Reserve Bank of Australia to moderate to 3.1 per cent this year, and to 2.9 per cent by the December Quarter 2028.[42]

[36] In relation to changes to award wages, we note that the purpose of the modern award safety net and the factors to be considered by the Fair Work Commissioner in adjusting that safety net, are set by legislation (section 284 of the *Fair Work Act 2009*) to meet specified economic and social considerations applicable to the lowest paid Australian workers. As such, we consider that adjustments to the award safety net is not as useful a reference point as the WPI, which measures wages growth across the whole economy and regardless of the form of instrument by which salary is set.

[37] We accept the parties' submissions regarding affordability and agree that the 3 per cent increase is '*reflective of the current budget and fiscal environment*'.[43] We note that the estimated cost of the proposal is approximately $319 million and that the Defence Finance Group has assessed the proposal as capable of being funded within existing budget allocations. We accept the parties' submission that affordability has been a significant factor in determining the proposed quantum, and agree this is an important consideration.[44]

[38] We considered the concerns outlined in the submission of the DFWA regarding cost of living increases (including rising housing costs), workforce expectations and perceptions of value. We recognise these concerns are legitimate, and we acknowledge the DFWA's commitment to the welfare of ADF personnel. Whilst the issues raised regarding Reservists' pay structures and ADF superannuation are matters of significance to portions of the ADF workforce, they are not matters capable of being addressed through the current WRA process.

[39] We considered the DFWA's submission that remuneration continues to have a significant influence on morale, recruitment and retention.[45] We note the survey material indicating workforce concern regarding purchasing power and workforce competitiveness and agree that these issues are relevant considerations.[46] At the same time, we must consider the proposal before us in the context of section 58KD of the Act and the agreement reached between the parties. We note that both the ADF and Commonwealth place substantial emphasis on workforce capability and that the proposal is framed as a workforce measure supporting recruitment, retention and capability delivery.

Conclusion

[40] We acknowledge the transitional arrangements established by the Government for non-APS agencies in circumstances comparable to those faced by the ADF. Those arrangements provide for a 3 per cent salary increase over a 12-month period while agencies await further guidance informed by the outcomes of APS-wide bargaining. In our view, the existence of these arrangements provides a relevant point of comparison, demonstrating that the Government has regarded a 3 per cent increase to be an appropriate interim remuneration outcome for workforces operating outside the APS bargaining framework. [47]

[41] We consider it significant that the proposal does not reduce existing conditions of service, remove existing retention initiatives, or otherwise require offsets to fund the increase. We note that this has been a consistent feature of previous WRAs and regard the preservation of existing conditions as an important feature of the proposal.

[42] We consider the proposal to be sensible and fair. It will ensure a reasonable salary increase to ADF members immediately upon the expiry of the current WRA. It will allow time for the full development of the Government's APS wages policy and for the outcomes of APS bargaining, after relevant industrial campaigning. The proposal also provides a further year's information about changes to the cost of living (CPI) and wage movements.

[43] The increase of 3 per cent can effectively be considered as a 'down payment' towards a final wage outcome, while providing the time needed for that outcome to be developed with more robust and complete information about the economic environment. We are comforted that the parties have explicitly preserved their ability and right to return to the Tribunal should subsequent APS bargaining outcomes justify a further adjustment within the 12-month period, to ensure that ADF members are not disadvantaged by this approach. We consider this provides an appropriate degree of flexibility and capacity to ensure fairness and equity across the ADF workforce.

[44] In conclusion, we are satisfied that the proposal is fair and reasonable in the circumstances and appropriately balances workforce, capability, economic and affordability considerations. Accordingly, we accept all elements of the joint submission detailed in paragraph 8 of this decision. A determination giving effect to the WRA will be published closer to the intended date of effect in November 2026.

MS B O'NEILL, PRESIDENT
MS A LESTER, MEMBER
MAJGEN G FOGARTY AO RETD, MEMBER

Appearances:

Mr P Keane for the ADF *assisted by Mr P Rudd*

Mr K Wong for the Commonwealth *assisted by Mr J O'Reilly*

Mr L Bienkiewicz for the DFWA

[1] BN127912348/ 28 July 2026 *Listing Application*
[2] DFWA letter request to intervene in Defence Force Remuneration Tribunal Proceedings for Matter 15 of 2026 *2026 WRA*, dated 13 March 2026
[3] Tribunal letter dated 27 March 2026
[4] Determination 15 of 2023 - WRA 2023-2026.pdf
[5] Joint Submission on behalf of both the ADF and the Commonwealth, *2026 Workplace Remuneration Arrangement*, (ADFCOMM1), page 6, paragraph 13
[6] ADFCOMM1, page 1, paragraph 1.2
[7] ADFCOMM1, page 2, paragraph 1.8
[8] ADFCOMM1, page 1, paragraph 1.4; DEFENCE ACT 1903 - SECT 58KD Determinations giving effect to agreement between the parties
[9] ADFCOMM1, page i, Executive Summary, paragraph 2
[10] ADFCOMM1, page i, Executive Summary, paragraph 3
[11] ADFCOMM1, page 13, paragraph 3.2
[12] ADFCOMM1, page 13, paragraph 3.4
[13] ADFCOMM1, page 13, paragraph 3.5. One Defence is an enterprise-wide model for operating as a single, integrated organization rather than a collection of separate groups, with clear accountability, shared priorities and coordinated decision-making.
[14] ADFCOMM1, page 14, paragraph 3.6
[15] ADFCOMM1, page 15, paragraph 3.9
[16] ADFCOMM1, pages 14-15, paragraph 3.8
[17] ADFCOMM1, page 16, paragraph 3.11
[18] ADFCOMM1, page 14, paragraph 3.8
[19] ADFCOMM1, page 2, paragraph 1.8
[20] Defence Force Welfare Association submission, *ADF Workplace Remuneration Arrangement 2026-2029 Matter No. 15 of 2026* (DFWA), filed on 2 September 2026; page 1, paragraphs 1-2
[21] DFWA, page 1, paragraph 3
[22] Transcript, page 8, lines 29-31
[23] DFWA, page 4, paragraph 25
[24] Transcript, page 9, lines 22-24
[25] DFWA, page 3, paragraph 14
[26] A DEFGRAM is a Defence-wide message used to communicate across the ADF and Defence APS.
[27] ADFCOMM1, page 5, paragraphs 1.19-1.23
[28] ADFCOMM1, Annexure B, pages B2-B3, paragraphs 7-11
[29] ADFCOMM1, page 5, paragraph 1.24
[30] ADFCOMM1, Annexure B, page B3, paragraph 13
[31] DFWA, Annex A.
[32] ADFCOMM1, page i, Executive Summary, paragraph 5
[33] DFWA, page 4, paragraphs 24-27
[34] ADFCOMM, page 4, paragraph 1.17
[35] Transcript, page 6, line 43
[36] ADFCOMM, page 14, paragraph 3.8
[37] Statement on Monetary Policy, Reserve Bank of Australia, May 2026, p4
[38] Transcript, page 11, lines 20-37
[39] Transcript, page 11, lines 29-33
[40] Targeted Workforce Segments | Defence Force Remuneration Tribunal

[41] DFWA, page 4, paragraph 23
[42] Transcript, page 6, lines 31-39
[43] ADFCOMM1, page 16, paragraph 3.11
[44] ADFCOMM1, page 16, paragraphs 3.11-3.12
[45] DFWA, page 4, paragraph 23 and Annex A page 2
[46] DFWA, Annex A
[47] ADFCOMM1, page 15, paragraph 3.9