



Australian Government
Defence Force Remuneration Tribunal

DECISION

Defence Act 1903

s.58H(1)—Determination of the salaries and relevant allowances to be paid to members

SENIOR OFFICER SPECIALIST – MEDICAL OFFICER STRUCTURE

(Matter No. 11 of 2012)

THE HON. A. HARRISON, PRESIDENT

THE HON. A. BEVIS, MEMBER

CANBERRA, 5 SEPTEMBER 2013

[1] This decision relates to an application by the Australian Defence Force (ADF) pursuant to s.58H of the *Defence Act 1903* (the Act) seeking to adjust the salaries of Medical Officers at the O7 and O8 ranks with effect from 08 November 2012 and 7 November 2013. We published a statement concerning this application on 27 November 2012 and a determination was published on 22 November 2012¹. Hearings were not held by the Tribunal with regard to this matter.

Background

[2] The Medical Officer Specialist Officer Career Structure (MOS Structure) was introduced in 2003. A broader review of the MOS Structure was conducted by the ADF in 2010 (and considered by the Tribunal in Matter 3 of 2010). It was recognised that since its introduction the capability requirements of the ADF had changed and that there was a general shortage of medical practitioners in the wider Australian workforce that had increased over the previous years. In response to these workforce shortages remuneration to medical officers in the civilian sector had increased, leading to the ADF having to reconsider its salary structure to remain competitive with both the private and public sectors.²

[3] The Senior Officer Specialist – Medical Officer Structure (SOSMOS) was put forward by the ADF when salaries for Star Rank Medical Officers were considered in the 2011 Star Rank Specialist Officers Joint Submission³. The revised SOSMOS came into effect from 17 March 2011, adopting a competency-based remuneration framework informed by external market forces⁴.

[4] Prior to the amendment of salaries through DFRT Determination 1 of 2011, salaries for Star Ranks Medical Officers were considered in Matter 5 of 2010, Senior Officer Graded Structure, which introduced the current remuneration structure for officers at the O7 and O8 levels. This consists of three pay grades at the O7 rank and a single pay grade at the O8 rank⁵.

Submissions

[5] The ADF submission to this matter sought salary increases of 6.1% to 6.4% across the Medical O7 and O8 ranks with effect from 8 November 2012, and salary increases of 3% across the Medical O7 and O8 ranks with effect from 7 November 2013.⁶ The ADF submitted that a key driver for the increases sought is the need to address the gradual incursion of O6 medical salaries into O7 rates, noting that the Medical Officer O6 level received a salary increase of 4% under the existing Workplace Remuneration Arrangement 2011-14 (WRA) with no corresponding adjustment of O7 and O8 ranks.⁷ Consistent with the on-promotion policy applied to other Star Ranks, an immediate salary increase of \$10,000 from O6 to O7 and \$20,000 from O7 to O8 is applied under the new arrangements as an On Promotion increase (consistent with that applied to the broader Star Rank community).⁸

[6] The following principles were outlined in the ADF's submission as underpinning the rationale for the SOSMOS:

- a. *Star Rank Medical Officers are specialists and are required to use their specialist skills in the performance of their duties;*
- b. *Remuneration arrangements for Star Rank Medical Officers recognise the remuneration arrangements of other ADF Medical Officers;*
- c. *Star Rank Medical Officer remuneration is highly impacted by external labour market forces;*
- d. *The Medical Officer structure is a standalone structure that is not explicitly linked to either the Graded Officer Pay Structure or the Senior Officer Graded Structure;*
- e. *There may be rank/pay incursion by Star Rank Medical Officers into the Senior Officer Graded Structure or rates of pay set by the Tribunal;*
- f. *Star Rank Medical Officers may have non-traditional career paths...; and*
- g. *The remuneration arrangements put in place for Star Rank Medical Officers acknowledge the non-traditional career paths⁹.*

[7] The ADF noted that these principles are still relevant and enduring¹⁰, and submitted a number of 'lessons learned' arising from the implementation of the SOSMOS since the Tribunal's determination of 2011. This included the need for better linkages between the MOS Structure and SOSMOS which leads to consistency of outcomes and a more cohesive remuneration framework for ADF Medical Officers overall.¹¹

[8] The ADF's submission proposed positioning this annual review of SOSMOS as an interim mechanism that assists with establishing a whole of category review for Medical Star Ranks. The amendments sought by the ADF are seeking to fine tune and maintain the SOSMOS rather than refresh the offer made to Medical Star Ranks, and seek to address the incursion of Medical Officer O6 salaries into the SOSMOS.¹²

[9] The Commonwealth submitted that in the review of the MOS Structure in 2010 (Matter 3 of 2010), it was proposed that Star Rank Medical Officer salaries be reviewed on an annual basis with reference to the external market, including movements in public sector medical officer salaries. The annual review would also seek to ensure that remunerative increases were consistent with Government workplace relations and wages policies as well as policies with regard to the ADF.¹³

[10] The Commonwealth submitted that the external market comparison was intended to remove any direct link from the WRA or Senior Officer Graded Structure, with individual determinations also ending (and transitioning to the salary rates as outlined in DFRT Determination No. 15 of 2008).¹⁴

[11] The Commonwealth supported the ADF proposal, subject to:

- future pay increases being linked to/based on general ADF increases;
- where general ADF increases are adopted for SOSMOS, there no longer being an expectation that pay increases will be linked to external market considerations; and
- that any future proposed increases, which are based upon external market considerations, are to require a full case to be made out and for the whole Medical Officer category to be considered given the potential implications for the overall Medical Officer classification structure.¹⁵

[12] The Commonwealth believes that there needs to be a long-term and consistently applied approach to remuneration, and that changes should not be considered transferable to other Star Ranks specialists. Remuneration should also be aligned to annual Senior Officer Remuneration Arrangement adjustments.¹⁶

[13] The Commonwealth supported the ADF proposals to restore the differentials between the O6 Medical Officer salary level and the SOSMOS structure as a one-off occurrence¹⁷, and indicated it was satisfied that an annual benchmarking exercise is not necessary.¹⁸ It also proposed that consideration be given to Star Ranks Medical Officers being permanently covered under the Senior Officer Remuneration Arrangements.¹⁹

Consideration

[14] We note the submission of the ADF that a failure to change the existing structure may have the following consequences:

- the continued incursion of Medical Officer O6 salaries into the O7 level, potentially undermining SOSMOS integrity and compromising the ability of the ADF to attract and retain suitable Medical Officer O6 officers to the Medical Star Ranks;
- a disjointed approach to developing a remuneration structure that supports the ADF's ability to raise, train and sustain its Medical Officer capability; and
- a missed opportunity to fine tune the SOSMOS as it evolves towards being informed by a whole-of-category review for Medical Officers.²⁰

[15] We also acknowledge the impact of external market forces on the ability of the ADF to recruit and retain Medical Officers, and the need for salary arrangements to be competitive

with and comparable to remuneration available in both public and private medical sectors. Having said that, there would need to be a significant change in these external market circumstances, particularly in the absence of sustained engagement with the labour market for medical officers, to justify future benchmarking.

[16] We support the principle that there needs to be a long-term, strategic approach to remuneration for this specialist group, and that pay arrangements for this group should not necessarily be considered to be transferable to other Star Ranks specialists. Alignment of future pay increases with the Senior Officer Remuneration Arrangements warrants further consideration.

[17] Subsequent to submissions, we identified minor calculation errors resulting in amendment of the ADF's original submission with regard to the salary increases. The Commonwealth was satisfied with the corrections and raised no objections to the revised amounts.

Conclusion

[18] Having assessed the ADF and Commonwealth submissions, we were satisfied that an amendment to the salary structure for Senior Officer Specialist Medical Officers was appropriate and accordingly we made our Determination No. 14 of 2012 with salary increases effective from 22 November 2012.

THE HON. A. HARRISON, PRESIDENT

THE HON. A. BEVIS, MEMBER

¹ Determination No. 14 of 2012

² Defence Submission Annex A page 29 para 12

³ Defence Submission page 9 para 1.8

⁴ Determination No. 1 of 2011

⁵ Defence Submission page 6 para 1.2

⁶ Defence Submission pages 4-5 para 2

⁷ Defence Submission page 14 para 1.23

⁸ Defence Submission pages 7-8 para 1.5

⁹ Defence Submission pages 8-9 para 1.6

¹⁰ Defence Submission page 9 para 1.7

¹¹ Defence Submission page 13 para 1.16

¹² Defence Submission page 21 para 2.15

¹³ Commonwealth submission page 4 para 17

¹⁴ Commonwealth submission page 4 para 18

¹⁵ Commonwealth submission page 5 para 20

¹⁶ Commonwealth submission page 5 para 21

¹⁷ Commonwealth submission page 6 para 23

¹⁸ Commonwealth submission page 6 para 28

¹⁹ Commonwealth submission page 7 para 31

²⁰ Defence Submission pages 25-26 para 1.19