



Defence Force Remuneration Tribunal

STATEMENT

Defence Act 1903
s.58H—Functions and powers of Tribunal

ROYAL AUSTRALIAN NAVY: RETENTION INCENTIVE PAYMENT – REPORT BACK

(Matter 4 of 2020)

MS I. ASBURY, PRESIDENT

MR A. MORRIS, MEMBER

CANBERRA, 23 JULY 2020

RADM J. GOLDRICK AO CSC RAN RTD, MEMBER

[1] This statement arises from the requirement, set by this Tribunal, for the Navy to report back on the implementation of the Navy Retention Incentive (NRI) Payment, as introduced from 1 July 2019 in Matter 2 of 2019 – *Royal Australian Navy – Retention Incentive Payment*. This statement is best read in conjunction with our previous communications on this matter.¹

[2] In summary, the NRI is designed to provide remunerative incentive to extend the length of service of members at the mid-ranks approaching key career separation points. The ADF made the second report back for 2020 on 9 July 2020. In its submission it commented that “*as the Navy Retention Incentive was only implemented on 1 July 2019, it is too early to identify clear trends as to its true effectiveness*”.² The Commonwealth agreed stating it was “*too premature to expect definitive data*”.³

[3] Each report back is required to include the evaluation of the following key performance indicators:

- a. member feedback on the payment, including effectiveness of communication regarding its implementation;
- b. increase of personnel within key mid-ranks based on a July 2019 base index with the expectation that this will increase over the duration of the NRI;
- c. the reduction in the difference between the demand of trained members and the actual supply of trained members per rank, with the expectation that this difference will decrease over the duration of the NRI;
- d. separation rates per rank/Division, with the expectation that these will decrease over the duration of the NRI;
- e. length of service profiles, with the expectation that the average length of service will extend over the duration of the NRI;
- f. any second order effects such as uneven retention or feedback indicative of loss of goodwill, and how this will be addressed; and
- g. progress of Navy's broader retention initiatives.

[4] To date, 58 per cent of the 722 members who submitted an acknowledgement form indicated the NRI had *"influenced their decision to remain in the Navy or delayed their separation date"*.⁴

[5] We accept that the communication regarding the purpose, outcomes and targeted ranks has remained consistent and that regular updates are provided to members. We note that feedback is *"consistently positive overall"*⁵ and *"of the members who have applied for the NRI, 55 per cent also provided a comment on their form"*⁶ which indicates to us positive workforce engagement also noting that any comments are provided voluntarily.

[6] We note the evidence that Navy workforce is continuing to grow and that while this is *"more reasonably attributed to a combination of increased retention, recruiting and training"* it is being achieved *"in conjunction with the remuneration support of the NRI payment"*.⁷

[7] We remain encouraged by the evidence that the NRI is likely to continue to be a key component, along with Navy's other non-financial retention incentives, in retaining members and addressing workforce hollowness at the targeted ranks. We commend Navy's continued efforts to develop and pursue broader workforce reform to ensure a sustainable and stable workforce and its continued focus in this vital area.

[8] We consider that while little has changed since the last report, each future report back will be able to provide more definitive data to reflect the impact on the workforce. We require that a further report back be made within six months and will consider extending the interval for subsequent reports, when the outcomes for the next report are known.

MS I. ASBURY, PRESIDENT
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RADM J. GOLDRICK AO CSC RAN RTD, MEMBER

¹ https://www.dfrt.gov.au/sites/default/files/statement_nri_report_back_feb_2020_2.pdf

² ADF submission *Navy Retention Incentive Payment Matter 4 of 2020 – Report Back 2* dated June 2020 page 15 paragraph 42.

³ Commonwealth letter *Matter 4 of 2020 – Navy Retention Incentive Payment* dated 15 July 2020.

⁴ ADF Submission page 9 paragraph 25.

⁵ ADF Submission page 6 paragraph 17.

⁶ ADF Submission page 7 paragraph 19.

⁷ ADF Submission page 15 paragraph 45.