



## **Defence Force Remuneration Tribunal**

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### **DECISION**

*Defence Act 1903*

s.58H—Functions and powers of Tribunal

### **AUSTRALIAN DEFENCE FORCE: ALLOWANCE MODERNISATION PROGRAM – TRANCHE 2: MILITARY FACTOR FRAMEWORK**

(Matter 8 of 2022)

MS I. ASBURY, ACTING PRESIDENT

MR A. MORRIS, MEMBER

CANBERRA, 27 APRIL 2023

MAJGEN G. FOGARTY AO RETD, MEMBER

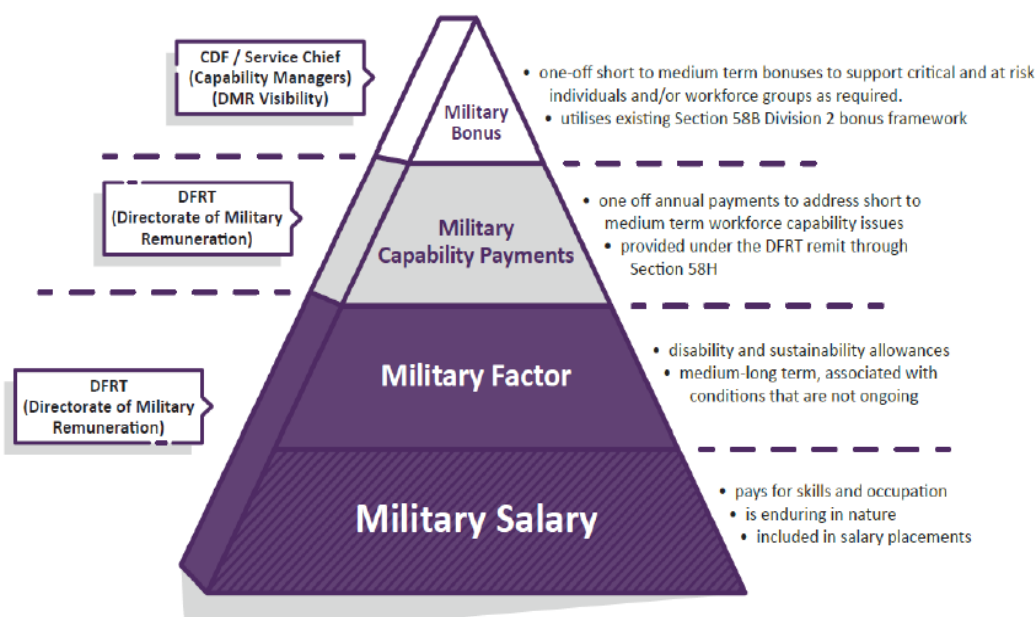
[1] This decision arises from a listing application from the Australian Defence Force (ADF) for a determination to be made under Section 58H of the *Defence Act 1903* (the Act). The listing application<sup>1</sup> sought the implementation of a new ‘Military Factor Framework’ for ADF salary-related allowances.

[2] A new allowance framework called Military Factor (Allowance) Framework (the Framework) will be established within the overarching ADF Employment Offer Modernisation Program (EOMP). It will consist of 12 tiers of allowance rates with corresponding daily rates set at 1/365 of the annual rate. Existing salary-related allowances will be placed into the new Framework by ‘domains’ namely; Land, Maritime, Air, and ‘Other’.

## Background

[3] In a Statement issued on 11 November 2022<sup>2</sup>, we indicated our general agreement with the principles, construct, and intent of the Framework in order to permit the ADF to commence communications with its workforce prior to the end of 2022. These reasons for decision should be read in conjunction with that Statement as well as our related decision which established ‘Military Salary’ in Matter 16 of 2021 – *ADF Allowances Modernisation – Tranche 1*.<sup>3</sup>

[4] The EOMP encompasses the Military Remuneration Framework of Military Salary and Military Factor (both determined by this Tribunal) as well as Military Capability Payments and Military Bonuses administered by the ADF under s.58B of the Act. This combination is demonstrated below:



[5] The EOMP has been established to develop an employment value proposition, which will support attraction and retention of the ADF workforce for sustained capability. The Program seeks to reform three main areas of the ADF employment offer: salary and salary-related allowances; housing; and categorisation. While all are closely linked, only salary and salary-related allowances are within the jurisdiction of this Tribunal and will be addressed by us.

[6] Allowances represent a significant component of regular fortnightly pay for ADF members. Presently, ADF salary-related allowances are divided into 14 groups according to the capability group to which they belong. Solely within the remit of this Tribunal, there are presently 19 disability, sustainability, and ‘other’ allowances with sub-elements of each, resulting in 75, each with their own rates, daily divisors and eligibility criteria. In total, there are 32 different annual rates and 33 different daily/on occurrence rates.<sup>4</sup>

[7] Added to that complexity is that, in some instances, members may be entitled to up to four allowances at the same time with some paid simultaneously, and others prevented from being paid at the same time, with the outcome solely dependent from each member's circumstances. Understandably, the ADF submits there is a need for a more transparent, simple, and easily understood system.

## Submissions

### ADF

[8] Across seven volumes of supporting material, the ADF submitted the following consolidated list of propositions to create the Framework, by:

- a. establishing a new allowance framework, Military Factor consisting of 12 tiers of rates with corresponding daily rates set at 1/365 of the annual rate;
- b. placing existing salary-related allowances in the Military Factor, by environmental domains to which the disabilities and sustainability relate: land, maritime, air and other;
- c. including the following changes to the administrative arrangements for various allowances:
  - i. establishing the rule of 'payment of one tier per day';
  - ii. abolishing multiple on occurrence rates that may be payable on a day;
  - iii. abolishing hourly allowance rates; and
  - iv. abolishing current qualifying periods by establishing a standard qualifying period of a calendar day for affected allowances.
- d. seeking the Tribunal's acknowledgement that all allowance payments under the proposed Framework will be directly linked to the accrual of additional recreational leave under Defence Determination 2016/2019, *Conditions of Service*;
- e. seeking the Tribunal's acknowledgement of the overarching Military Remuneration Strategy, the role of the Framework and the new Military Factor Matrix (an amended contemporary version of the Disability Elements Matrix (DEM) which will include sustainment elements);
- f. transitioning the following existing land domain allowances into the Framework:
  - i. Adventurous Training Allowance (daily only);

- ii. Field allowance;
  - iii. Paratrooper allowance;
  - iv. Recruit Instructor disability allowance;
  - v. Recruit Instructor sustainability allowance;
  - vi. Special Forces disability allowance (SFDA); and
  - vii. Special Forces sustainability allowance (SFSA).
- g. placing one specific allowance from the maritime domain, Maritime Disability Allowance – Major Fleet Unit, into the land domain.
- h. abolishing the following allowance elements:
- i. Paratrooper Allowance – Free Fall Instructor (in a non para posting for up to 3 years), being subsumed into Paratrooper Allowance – Free Fall Instructor;
  - ii. Paratrooper Allowance – Parachute Jump Instructor (in a non para posting for up to 3 years), being subsumed into Paratrooper Allowance – Jump Instructor;
  - iii. Paratrooper Allowance – Paratrooper posted to a non-tactical parachute unit, being transformed into a single daily rate when members undertake para duties; and
  - iv. Adventurous Training Allowance (annual rate).
- i. transitioning Flying Disability allowance into the Framework;
- j. transitioning the following maritime domain allowances, currently within the jurisdiction of this Tribunal, into the Framework:
- i. Maritime disability allowance (MDA);
  - ii. Maritime sustainability allowance (MSA);
  - iii. Boarding party allowance;
  - iv. Clearance diver allowance;
  - v. Diving allowance; and

- vi. Submarine escape disability allowance.
- k. modifying the tiers of sea service in maritime sustainability allowance by increasing the number of tiers from four to six, and reducing the range of each tier to cover two years of service.
- l. transitioning the Defence Explosive Ordnance Training School Instructor – Deliberately Differentiated Offer retention bonus currently provided under Defence Determination 2016/19, *Conditions of Service*, made under section 58B of the Act into the Framework;
- m. introducing a sub-element to maritime disability allowance for Deployed Maritime Element members, similar to that afforded Army’s Amphibious Ready Element;
- n. introducing a sustainability component in clearance diver allowance for Clearance Diver Teams only;
- o. abolishing the arduous conditions instructor allowance;
- p. transitioning unpredictable explosives allowance into the Framework, and at the same time abolish the annual rate for high risk search activities;
- q. establishing a new allowance for Army’s initial employment training instructors (including instructors from Royal Military College – Duntroon) called, training sustainment allowance, and place this allowance in Military Factor;
- r. restricting separation allowance to members who are categorised as a member with dependants (unaccompanied) (MWD(U)) under the Defence Determination 2016/19, *Conditions of Service*;
- s. removing the 60 day qualifying period before payment of Separation Allowance commences;
- t. removing eligibility for separation allowance associated with the special treatment for Special Forces disability allowance and maritime disability allowance; and
- u. removing access to separation allowance for the category of members with dependants (MWD).<sup>5</sup>

[9] In order to recognise the large-scale reform and the impact of change on a complex array of allowances, while at the same time focussing efforts on recruitment and retention, the ADF proposes to increase all base salary rates by \$2,000 per annum. Trainee salary rates will be increased pro rata in accordance with existing salary discounting arrangements.<sup>6</sup> Separately, the ADF proposes to provide targeted payments to individuals who remain adversely affected by the transition.

[10] It also intends to provide transitional arrangements for MWD members in receipt of, or qualifying for, annual Separation Allowance on the day of implementation, who will continue to receive the allowance until their eligibility, ceases, or to 30 June 2024, whichever is earlier.

[11] In summary this new Framework provides:

- a. ability to meet future capability requirements;
- b. benefits for recruitment and retention being transparent and easily understood by members;
- c. standardised qualifying periods, daily rates and associated leave accrual;
- d. reduced inconsistencies and incompatibilities; and
- e. placements informed by the Military Factor Matrix.

[12] The ADF submits that Military Factor was designed with the following rules and administrative arrangements:

- a. tiers with the same differentials;
- b. qualifying periods are consistent;
- c. all annual rates have a corresponding daily rate;
- d. members will only receive one allowance tier per day;
- e. eligibility is based on either posting or on occurrence; and
- f. flexibility to apply a multiplier for very low use/high risk activities.<sup>7</sup>

[13] As outlined in our previous decision, the ADF also followed a guiding set of business rules to determine the correct placement of existing allowances into the new framework. These rules were deemed as ‘Simple’ or ‘Complex’ Placements.<sup>8</sup> As a result, all salary-related allowances have been placed into the Military Factor, with the following exceptions:

- a. Language Allowance
- b. Submarine Capability Assurance Payment

- c. Officer Aviation Remuneration Structure Allowance
- d. Navy Retention Incentive Payment, and
- e. Separation Allowance

## **Commonwealth**

[14] The Commonwealth submissions, also made across seven volumes in reply, supported the creation of the Military Factor Framework. The Commonwealth was of the view “*that the new Military Factor Framework will provide greater transparency for members, whilst also supporting rigour in assessing the relativities for placing relevant salary-related allowances*”. Furthermore, the Commonwealth saw “*merit in the Military Factor Framework supporting the communication of the overall Employee Value Proposition for existing and new members of the ADF*”.<sup>9</sup>

[15] The Commonwealth states it considered the proposed placements across the ADF volumes, and the level of evidence for each allowance placed into the Framework, and “*did not oppose*” any of the proposed placements.<sup>10</sup>

[16] It also did not oppose the proposed universal salary increase of \$2,000 and noted that the purpose of this universal salary increase is to ensure that the majority of members are better off overall under the Military Factor transition. The Commonwealth states it originally had reservations about extending this salary increase to Star Ranks, yet opted to not oppose this inclusion based on not exacerbating remuneration compression. The Commonwealth notes that the fixed amount of \$2,000 will provide a proportionately greater benefit to ADF members in junior and middle ranks. The Commonwealth sees merit in this approach, noting these ranks presently experience the greatest workforce hollowness.<sup>11</sup>

[17] The Commonwealth took a keen interest in understanding the ADF’s proposed implementation plans and, of particular interest to it, was the total cost of the proposal, planned workforce communications, and the proposed implementation date. It also welcomed the specific communication strategies that are being adapted to certain workforces, such as Clearance Divers, owing to the particular impacts they will experience. Lastly, the Commonwealth emphasised the importance of communicating the proposed changes in a clear and succinct manner, to ensure members are able to understand the impacts on their Employee Value Proposition (EVP).<sup>12</sup>

## Hearings

[18] Seven hearings were held in this matter between 27 September and 9 November 2022 with five witnesses providing oral and written evidence across those dates. They were:

Volume 1 – Military Factor Framework

Colonel K. Lloyd OAM, Director Military Remuneration

Volume 2 - Land Domain

Colonel S. Parkes DSC DSM, Commandant Defence Special Operations Training and Education Centre;

Wing Commander S. Jobson CSC, Commanding Officer 4 Squadron;

Major Dan Chen, Assistant Director Allowances Modernisation; and

Volume 4 – Maritime Domain –

Commodore E. Young CSC RAN, Director General Navy People.

## Consideration

[19] Throughout our deliberations, we gave regard to the industrial history of ADF allowance arrangements and in particular to Matter 3 of 2012 – *Salary Related Allowance Review (SRAR)*<sup>13</sup> that established allowance tiers based closely on monetary value. While there have been many individual allowance submissions in the 10 years since SRAR, with new allowances regularly introduced for specific workforces or sustainability requirements, the SRAR did note “*the ADF believes that consolidation rather than expansion is the likely future trend that will occur in subsequent allowance reviews, further simplifying the overall structure*”.<sup>14</sup>

[20] We considered evidence that the placement of existing salary related allowances into the Framework would remove existing qualification periods and rate calculations for individual allowances. We accept the Framework will be administered with the following administrative rules:

- a. **Eligibility.** Eligibility for a tier is based on either posting to an identified position or daily/on-occurrence. Current eligibility criteria for individual allowances being placed within the Framework will not change. Placement for the majority of members will be automatic through current IT systems, based on posting to an identified position, which will attract an ‘annual rate’.
- b. **Tiers – Annual and Corresponding Daily rates.** Consistent differentials between the tiers will provide certainty to members as they move up and down the tiers according to their eligibility.
- c. **Qualifying Periods.** A consistent qualifying ‘calendar day’ has been introduced to all daily allowances that currently have a qualifying period. Other daily rates will remain payable on occurrence to members when undertaking a specific activity that deems members eligibility for a tier placement.



- d. **One Tier per day.** Members will only receive the highest tier applicable on each day (unless the annual rate of an allowance already encompasses the higher value of daily activities).
- e. **Tier Z.** The applicability of Tier Z multiplier will allow for payment of low use/high risk/high value on-occurrence activities, such as Experimental Diving, High Altitude Parachuting, Boarding Party, Special Forces designated duties and rendering safe Unpredictable Explosives.
- f. **Additional Recreational Leave.** All payments for allowances underpinning the Framework will accrue additional recreational leave under the Defence Determination 2016/19 as one leave day for 10 days receiving a Tier, up to a maximum of 10 days per year.

[21] Aligned with the need for the Framework, we accept that *“the current retention and recruitment of ADF members is essential in order to meet the government directed growth of 18,500 members by 2040. With the current strength of the ADF decreasing due to increased separations and reduced recruiting achievements, Defence is focused on providing enhancements to the Employee Value Proposition in order to retain and recruit members”*.<sup>15</sup>

[22] We considered the transition plan developed by the ADF to support all reform initiatives planned for the first half of 2023. We accept there are two components of this; a universal \$2,000 salary increase (pro-rated where required) and targeted individual transition where required.

[23] We considered the evidence that *“the increase to Military Salary will see the majority of ADF members be financially better off under Military Factor and reduce the number of extensive, targeted transition payments to offset any financial disadvantage”*.<sup>16</sup> We accept the purpose of this salary increase is, in part, to recognise that the majority of ADF members have the potential to be change-affected in some form over their career due to the closing of some benefits, as well as the removal of the ability to receive more than two salary-related allowances at the same time. We do consider a \$2,000 amount is more likely than not to compensate members, and will enhance the overall EVP for recruiting and retention.

[24] Having said that, we considered in detail the evidence that there will be a small number (approximately 25 Navy members) of Clearance Divers posted to Mine Hunter Coastal vessels who will suffer significant financial disadvantage by their transition to the Framework. We were concerned by the evidence that this small group is the most negatively affected workforce, in part due to the previous rules of being able to ‘stack’ allowance rates, and receive allowances simultaneously. We considered the ADF intent to provide a transition payment to this cohort under s.58B of the Act with a scheduled cease date and accept the approximate value of the transition payment is \$15,000, which will be paid for a maximum of 3 years.

[25] We note the ADF evidence that further transition payments may be required to address unpredicted individual circumstances in which a member becomes significantly impacted and accept *“it is anticipated that any such circumstances would be extremely low, (likely less than 10), and would require an individual transition payment being paid within the s.58B transition payment provisions”*.<sup>17</sup>

[26] We considered the evidence that a separate transition arrangement will also be provided to members categorised MWD who are in receipt of, or have commenced, the qualifying period, for the annual rate of separation allowance on the day of implementation. (We note this does not apply to MWD members who received the discounted rate of separation allowance in conjunction with Maritime or Special Forces allowances.)

[27] We considered those allowances which the ADF submits were designed to encompass the higher daily value, and are therefore ineligible to be moved to a higher tier under the ‘one tier per day’ rule. In doing so, we referred to the ADFs *“guiding set of business rules”* which had been used to *“determine the correct placements of allowances into the Framework”*.<sup>18</sup> We accept that four allowances fall into this category: three because no changes to the current eligibility criteria or application were proposed, and one because it is considered a subset of an existing allowance.<sup>19</sup>

[28] We agree that the establishment of Military Factor provides synergies with the recent introduction of Military Salary and solidifies the ADF Remuneration Framework. We agree the Framework will simplify and improve transparency of the remuneration package for ADF current and prospective members, and will remove a number of inconsistent policies and rules.

[29] We agree that the introduction of Military Factor enables Defence to communicate environmental disability and sustainability allowances as one concept to compensate for the unique nature of military service, over and above that captured within Military Salary. Importantly, this message is consistent for both Permanent Force and Reserves, and across all ranks.

[30] We note the consultation undertaken by the ADF with workshops and the communication strategy developed. We also note the intent of the Services and Defence People Group to *“monitor the rollout and respond to queries through the Modernisation Program email address, normal Chain of Command reporting and pay enquiries”*. We expect that, should issues arise, the ADF would act on its stated intent to *“inform the DFRT Secretariat and Commonwealth about the areas of concern and how it would seek to resolve the issues including any potential actions required of the DFRT”*.<sup>20</sup>

## Decision

[31] In transitioning existing allowances into this new framework, we agree the ADF has taken the opportunity to review current allowances, and amend/introduce new allowances to meet current capability requirements. We agree these changes aid in the retention and sustainability of cohorts which have been experiencing sustainability issues for some time, and which are predicted to remain workgroups requiring significant initiatives into the future.

[32] We agree that, while the introduction of Military Factor may not, by itself, alleviate increased separations, or recruiting and retention issues, the measures taken in this Framework, along with other initiatives (housing, conditions of service, and other activities) are likely to provide an enhanced EVP and aid recruitment and retention of valuable ADF members.

[33] We agree the amount of \$2,000 as submitted by the ADF, is an appropriate value for this transition payment. We accept a set dollar value ensures that every member of the ADF receives the same value of payment regardless of salary value and that many minor negative impacts of transition are covered in a monetary sense. We agree the sum of \$2,000 will also assist the ADF in its current attraction and retention difficulties.<sup>21</sup>

[34] We accept future transition payments may also be required to address unpredicted individual circumstances in which a member is significantly impacted by the introduction of the Military Factor. We accept such circumstances will require an individual transition payment to be paid under s.58B transition payment provisions.

[35] We agree MWD members in receipt of Separation Allowance, or who have commenced the qualifying period, on the day of effect, will continue to receive the allowance until 30 June 2024 or until they no longer meet the eligibility criteria for the payment. We agree this avoids disadvantaging members who may be on a period of short-term separation on the date of the transition. We agree that, for future periods of separation, the new arrangements apply.

[36] We note the parties agreed on the following Key Performance Indicators to evaluate the effectiveness of the new Military Factor Framework once implemented and ask them to return to us two years from the date of effect to ascertain:

- a. the successful implementation of the Military Factor Framework;
- b. qualitative feedback from the workforce on the Military Factor Framework through feedback channels, social media monitoring and Service representative's feedback;
- c. workforce health information, including overall recruitment and separation rates as well as workforce health in targeted employment categories; and
- d. improved administrative efficiency, assessed by the reduction in the number of pages of policy for salary related allowances, reductions in over payments and reduction in the number of queries.

[37] We agree to:

- a. the implementation of Military Factor, the framework rules, and placement of allowances within the framework;
- b. the placement of allowances into the Military Factor become the baseline for future allowance submissions to the Tribunal;
- c. the amendments to Separation Allowance removing eligibility for members with dependants and the removal of the 60-day qualifying period; and
- d. the universal salary increase of \$2,000 to ADF permanent rates under DFRT remit up to and including O8 (Major General (E)).

### **Implementation – Systems Issues**

[38] Having drafted this decision, and just prior to its intended release, we were advised on 9 March 2023 that, *“the payroll systems required to deliver the full decision by 25 May 2023 cannot be achieved without significant and untenable risk”*.<sup>22</sup> To be made aware of this, and the need to address it with urgency at this point in a three-year process, was unexpected - particularly having been presented with prior evidence that throughout the development there had been *“over 50 working level meetings, with counterparts in the Services and Pay and Administration Branch and Finance”*.<sup>23</sup> On 24 March 2023, we were briefed on the revised requirements and options and presented with a report outlining the key risks and mitigation strategies of a ‘phased’ approach out to 2024.

[39] Upon receipt of this advice, we were concerned about the *“significant workforce capability and reputation risk in failing to deliver this reform to the workforce as promised”*.<sup>24</sup> In attempting to mitigate this risk as far as possible, we recognise the extraordinary efforts of staff from the Directorate of Military Remuneration who quickly developed a revised, two phased implementation strategy to deliver the majority of the benefits of Military Factor to the ADF workforce in the timeframes already communicated to members’.

[40] Also of concern to us was the impact on the success of the EOMP communications strategy which had, by now, ensured that all members of the ADF were aware of the amendments to benefits due on 25 May 2023. We considered this has resulted in a ‘social contract’ being entered into with the workforce concerning Military Factor and that *“breaching this social contract will have significant consequences on morale and likely further disenfranchise those ADF members who are already considering separating”*.<sup>25</sup>

[41] We were provided with feedback from each of the Services as to the impact of this situation on their respective workforces and any Service-specific risk mitigation required. We accept *“feedback from the Navy workforce has been overwhelmingly positive regarding the changes associated with the Military Factor Framework, with most members indicating they saw the changes as a positive step forward in recognising the commitment required to pursue a career in*

Navy”.<sup>26</sup> We agree “*the impacts of not implementing the full suite of financial incentives as communicated to the workforce would be very significant.*”<sup>27</sup> and accept the outcomes of work done by Navy to “*understand what the system could deliver and then to come up with an interim framework for us that would meet that social contract with our people*”.<sup>28</sup>

[42] We accept that, within Army, “*positive feedback was received about the \$2,000 increase to salary, and the significant increases to Field Allowance*” and that “*the introduction of the Training Sustainment Allowance for Initial Employment Training course instructors within Forces Command has also received widespread support*”.<sup>29</sup> We agree that to not increase Field Allowance, for example, at a time when Army is “*experiencing significant shortfalls, and members are required to undertake significant additional duties, will have a negative impact and will not incentivise the desired workforce behaviours*”.<sup>30</sup>

[43] Although Air Force is minimally affected by the Military Factor, we accept there remains “*concern that the trust deficit will be felt by Air Force members*” and that the effect of “*not implementing the ‘promised’ \$2,000 increase to salary, despite it being a transition compensation, will exacerbate the belief the ADF has broken the social contract it made with members*”.<sup>31</sup>

## **Outcome**

[44] We are concerned there will be some members who will receive higher benefits under Phase One than they will receive on the full implementation of Military Factor. This results from the effect of receiving two allowances that will be increased in Phase One, then decreasing to an agreed Military Factor rate at the final phase of implementation in 2024. We accept there will be targeted communications directed to these members outlining the decrease in allowances during Phase 2 of implementation. We agree with the ADF’s position that the increased payments, occurring as a result of the phased implementation will not be recovered from members. Further to this, the ADF will not provide back payments to members who are not achieving the full Military Factor benefits until Phase Two of Military Factor implementation, other than those identified for a supplementary payment.

[45] We queried the approach taken to communicating these changes to the workforce and accept messaging will continue to focus on the Military Factor as a new 12-tier allowance framework while informing the workforce that, due to the complexity of the changes required within the pay system, a phased implementation approach is now required.

[46] We are persuaded that the phased implementation approach will still see most ADF members receive components of the Military Factor achievable by the pay system on 25 May 2023 (primarily rate changes), with the remainder of the components (large majority of the administrative rules and the Tiered Framework) able to be implemented in the second half of 2024.

[47] We accept that delivering the Military Factor in two phases will provide the anticipated reprieve to workforce pressures while also enabling Chief Information Officer Group the additional time still required to develop an automated Payroll solution, to deliver Military Factor

in its entirety. Having reviewed options we agree with the outcomes for a phased approach to implementation, being Phase One and Phase Two, as detailed below:

<b>What WILL be achieved on 25 May 2023</b>	<b>What will NOT be achieved until 2024</b>
\$2,000 increase to salary (transition payment)	Introduce Military Factor - Framework
Removal of Separation Allowance for MWD, including discounted rates for Maritime and SF	Introduce the Military Factor rules <ul style="list-style-type: none"> <li>- One tier per day</li> <li>- Additional recreational leave</li> </ul>
Introducing the Military Factor qualifying period for Field Allowance and Maritime Allowance	Introducing the Military Factor standardised qualifying period
Increase Field Allowance rates	Removal of receiving two or more allowances on the same day
Alignment of Commando / TAG / Combat Controller rates to SAS	Simplification of Paratrooper Allowances into 5 levels
Introduce Training Sustainment and CD Operations Support – Medics Allowances	Automate CD Operations Support – Medics allowance
Increased Maritime Allowances - Disability and Sustainability	Automate Maritime Sustainability Tiers – 8-10 years, and 10 years +
Open eligibility for Clearance Diver Teams to receive Maritime Sustainability allowance	Automate Clearance Divers on Mine Hunter Coastal Units to Clearance Divers in Teams
Removal of allowances/rates agreed by the DFRT as part of Military Factor	Removal of Paratrooper Allowances agreed to be removed
Open eligibility for CD Instructors at DEOTS to be paid as CD Instructors	Automate Maritime Deployable Element allowance
Increase/Decrease existing allowance rates to match approved Military Factor Tier - partially	Automate eligibility for Combat Controllers/Officers to SF Sustainability Allowances
Open eligibility for Combat Controllers/Officers to SF Sustainability allowances	
Introduce Maritime Deployable Element allowance	
Increase Paratrooper allowances that are not paid with SF Support 1B/1C	
<b>Implementation – Phase One</b>	<b>Implementation – Phase Two</b>

## Conclusion

[48] In closing, the Tribunal wishes to place on record its gratitude for the detailed submissions made in this complex, lengthy matter and which consistently assisted our deliberations. Particular

mention goes to the expertise of SQNLDR N. Morrison and (then) MAJ D. Chen, Mr J. Phillips SC and Mr P. Blady, who were all involved in the development and research of the Framework and whose expertise we value. We make special mention of the Director Military Remuneration, COL K. Lloyd OAM who led a diverse team throughout the years of development, trial, error, direction and correction and through the urgency of the unanticipated requirement for phased implementation.

[49] We also note the proficiency of the Commonwealth advocates, Mr H. Miller and Mr N. Doukas who, through their hard work, brought a high level of scrutiny to this process resulting in a robust engagement, which considered and resolved a myriad of problems and issues. Their frank questioning of witnesses and submissions aided the process considerably by ensuring the Framework was closely scrutinised. We are of the view that this scrutiny means that the outcome will be robust and that a number of issues which would otherwise have arisen have been identified and dealt with.

[50] We wish to thank each of the Service Industrial Relations teams for their expert contribution: GPCAPT D. Greig and Mr C Snelling (Air Force), CMDR's J. Houen and M. Jones RAN (Navy) and (then) LTCOL E. O'Mahoney (Army), all of whom were of enormous assistance.

[51] Finally, we wish to place on the record our thanks to all the Service men and women we encounter while fulfilling our role. Their unfailing dedication to what they do, and the contribution they make to Australia, domestically and internationally, is extraordinary, and regrettably is often unknown and overlooked by the public. It is an enormous privilege in this role to engage with these people and see first-hand what they do, and to know what fantastic contributions they make and understand that we are in good hands in terms of our national and international security. We thank all of those people, who through their comments and contributions to us, both formally and informally, make an enormous contribution to the effort that goes into these kinds of considerations. It has been a privilege and a pleasure to have been able to engage in the consultation processes which are the culmination of years of effort. This is a significant moment in the ADF's journey to modernise, simplify and make more transparent the EOMP and we are very pleased to have been able to play a part in that.

[52] Determination 5 of 2023 provides the rates amendments, inclusion of Training Sustainment Allowance and Clearance Diver Operations Support – Medics Allowance; inclusion of Maritime Deployable Support Element; removal of agreed allowances, and the re-categorisation of Maritime Sustainability Tiers from 25 May 2023. Determination 6 of 2023 gives effect to the \$2,000 increase to salaries for Military Factor Transition Payment at the same time.

MS I. ASBURY, ACTING PRESIDENT  
MR A. MORRIS, MEMBER  
MAJGEN G. FOGARTY AO RETD, MEMBER

*Appearances:*

*Mr J. Phillips SC for the ADF assisted by Mr P. Blady*

*Mr H. Miller for the Commonwealth assisted by Mr N Doukas*

*Witnesses:*

*Commodore E Young CSC RAN, Director General Navy Personnel*

*Colonel K Lloyd OAM, Director Military Remuneration*

*Colonel S Parkes DSC DSM, Commandant Defence Special Operations Training and Education Centre*

*Wing Commander S Jobson CSC, Commanding Officer 4 Squadron*

*Major D Chen, Assistant Director, ADF Modernisation Program Allowances Team.*

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<sup>1</sup> DMR/OUT/2022/17 Listing Application – ADF Allowance Modernisation Tranche 2 – Military Factor Framework dated 2 September 2022.

<sup>2</sup> [Statement - ADF: Allowance Modernisation Program - Tranche 2: Military Factor Framework](#)

<sup>3</sup> <https://www.dfrt.gov.au/matters/adf-allowances-modernisation-tranche-1>

<sup>4</sup> ADF1 page 8 paragraph 3.2.

<sup>5</sup> ADF8 pages 1 to 4 paragraph 1.2.

<sup>6</sup> ADF8 page 4 paragraph 1.3(a).

<sup>7</sup> ADF8 page 5 paragraphs 2.3 and 2.4.

<sup>8</sup> ADF8 page 6 paragraph 2.5.

<sup>9</sup> CWLTH 8 page 2 paragraphs 9 and 10.

<sup>10</sup> CWLTH8 page 3 paragraph 13.

<sup>11</sup> CWLTH8 pages 13 and 13 paragraphs 22 to 25.

<sup>12</sup> CWLTH8 pages 14 and 15 paragraphs 31 to 36.

<sup>13</sup> <https://www.dfrt.gov.au/matters/salary-related-allowance-review>

<sup>14</sup> ADF Submission *Matter 3 of 2012 Review of Allowances* Volume 1 page 40 paragraph 3.17.

<sup>15</sup> ADF Closing submission (ADF15) page 9 paragraph 3.5.

<sup>16</sup> ADF15 page 24 paragraph 4.11.

<sup>17</sup> ADF15 page 17 paragraph 4.21.

<sup>18</sup> Statement - [ADF: Allowance Modernisation Program - Tranche 2: Military Factor Framework](#) page 4 paragraph 15.

<sup>19</sup> 1. Army Amphibious Ready element; 2. Unpredictable Explosives Allowance Endurance Level 1 and 2 (annual rate) 3. Maritime Allowance and 4. Maritime Deployable Support Element.

<sup>20</sup> ADF2 page 15 paragraph 54.

<sup>21</sup> ADF8 page 12 paragraph 4.14.

<sup>22</sup> Email Ms J. Greig, Deputy Secretary People, Department of Defence 9 March 2023.

<sup>23</sup> Transcript 9 November 2022 page 275 lines 29 to 31.

<sup>24</sup> ADF report *Matter 8 of 2022 ADF Employment Offer Modernisation Program- Tranche 2 - Military Factor Update and Phased Implementation Strategy* page 1 paragraph 3.

<sup>25</sup> *Ibid*, page 6 paragraph 33.

<sup>26</sup> *Ibid*, page 6 paragraph 36.

<sup>27</sup> *Ibid*, page 7 paragraph 38.

<sup>28</sup> Transcript 27 March 2023 page 12 lines 20 to 22.



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<sup>29</sup> ADF report *Matter 8 of 2022 ADF Employment Offer Modernisation Program- Tranche 2 - Military Factor Update and Phased Implementation Strategy* page 7 paragraph 41.

<sup>30</sup> *Ibid*, page 7 paragraph 42.

<sup>31</sup> *Ibid*, page 8 paragraph 45.