



# Defence Force Remuneration Tribunal

## STATEMENT

*Defence Act 1903*

s.58H—Functions and powers of Tribunal

### **SUBMARINE CAPABILITY ASSURANCE PAYMENT – REPORT BACK** (Matter 15 of 2024)

MS B O’NEILL, PRESIDENT

MAJGEN G FOGARTY AO RETD, MEMBER

CANBERRA, 26 NOVEMBER 2024

[1] This statement arises from a requirement, set by this Tribunal in Matter 10 of 2023 – Submarine Capability Assurance Payment (SM-CAP) – Amendments and Report Back<sup>1</sup> for the Australian Defence Force (ADF) to report back to us with a comprehensive review, and its position, on the continued application of the SM-CAP. Since that time we have established nuclear submariner employment categories, recruitment pathways and interim remuneration structures to recognise those personnel undertaking nuclear submarine training.

[2] The SM-CAP was initially determined in Matter 14 of 2015 – Submariner – deliberately differentiated package (capability assurance payment)<sup>2</sup> and is paid to members who hold a submarine sea service qualification, are serving a period of continuous full time service, and meet set proficiency standards. It is payable on a tiered basis with the amount payable increasing based on the years of service undertaken where the members have met the conditions of eligibility. It is paid as an annual completion payment in addition to salary and other allowances.

[3] This report back is considered in an environment where the Government has recently extended its ADF Continuation Bonus, outside the remit of this Tribunal and determined under s58B of the *Defence Act 1903*. From 1 July 2025 until 30 June 2028, the ADF Continuation Bonus will now include 2 offerings of \$40,000 in return for a further 3 years of service. The first offer will be made to eligible permanent members at the end of their initial service obligation, who have served for a minimum of 4 years. The second offer will be made to eligible permanent members who have served for a further 3 years past the completion of their initial service obligation and have served for a minimum of 7 years. It is payable in conjunction with SM-CAP eligibility.

[4] Additionally, in Matter 7 of 2024 – Nuclear Submariner Workforce – Tranche 1<sup>3</sup> we were advised of a Navy-implemented s.58B bonus of \$100,000 which incorporates a 3-year undertaking for further service for in-Service ADF personnel who transfer to the nuclear submarine training pathway prior to 31 December 2026, and achieve nuclear qualification by 30 June 2028.

[5] The Navy has also instigated an s.58B bonus for Marine Technical Submariners holding a Collins Class endorsed Marine Systems Controller (MSC) and Marine Systems Manager (MSM) qualification who undertake service in specified Collins Class submarine seagoing positions out to 30 June 2027. Bonus rates are \$35,000 and \$50,000 and are also paid in conjunction with the SM-CAP eligibility.<sup>4</sup>

[6] In order to review the enduring impact of the SM-CAP we specifically sought advice on the number of the above s.58B payments and the dollar amount. We accept that, to date, 9 ADF members have become eligible for, and accepted, the nuclear qualification bonus of \$100,000 with a further 11 eligible by Q2 2025 and 144 anticipated by the end of the eligibility timeframe of 30 June 2028.<sup>5</sup>

[7] We also note that, to date, 6 MSC and 9 MSM qualified members have accepted the offer of the bonus targeting Marine Technical sailors, with a further 4 MSC and 6 MSM expected to accept the offer from 1 January 2025. A potential further 26 MSC and 22 MSMs will be offered the bonus by the end of the eligibility window. We understand a small number of members have refused the offer and may receive a second bonus offer in return for a second 12-month fixed period of effective service.<sup>6</sup>

[8] With regard to the ADF Continuation Bonus we note that 70 junior submariners have accepted the bonus with a further 192 likely to become eligible.<sup>7</sup>

[9] We are encouraged that *‘Navy advised there has been little workforce friction or divisiveness with the general submarine community resulting from these bonuses’*.<sup>8</sup>

[10] Finally we accept the progress of an internal Submarine Deliberately Differentiated Package (SM-DDP) review which advises *‘components had been fully implemented within Navy as ‘business as usual’ or ‘completed’*. We accept the advice that *‘noting the significant work being progressed by the whole of Navy retention Stay Onboard People First campaign and other ADF wide retention initiatives in place, in July 2024 the Submariner Workforce Steering Group agreed to close out the legacy SM-DDP components with the SM-CAP continuing as a standalone measure’*.<sup>9</sup> The table below outlines these outcomes:

SM-DDP Measure	Description	Status
Submarine Capability Assurance Payment	Tiered payment system offered to the submarine workforce for their role in ensuring the ongoing capability of the submarine service. Evaluated through a submariner’s operational presence at sea over the course of their service.	Current
Enhanced career management	Enable improved career management outcomes by providing localised career management staff, more robust career management plans, and better alignment between personnel, postings, and priority positions crucial for workforce growth.	Business as Usual – through provision of additional capability within Navy Career Management.
Improved career opportunities	Increased options for posting into non-submarine positions in General Service, technical positions, and outplacements.	Business as Usual - Positions established within Plans Hydra / Triton to provide broadening posting opportunities within the submarine capability.
Special consideration for selective postings	Ability to take postings outside the submarine capability, or released for selective positions.	Business as Usual - where capability requirements allow; supported by SM-CAP Sunset Clause.
Block leave	Implementation of business rules to execute block leave periods of two to four weeks duration within the Fleet Activity Schedule, allowing advanced leave planning by -submarine-based personnel to gain better work/life balance.	Business as Usual – considered as part of Fleet Activity Schedule (FAS) planning process
Full Staffed Submarine Support Group	Establishment of a fully staffed submarine support group to enable better respite for crews ashore, more flexible workforce solutions, and better work-life balance.	Business As Usual – Implementation of WGS and Crew Support & Readying Group (CSRG).
Submarine leave remediation	One-off financial payment enabling the reduction of significant leave balances of member by allowing cash-out of leave accrued above six weeks of annual leave.	Completed – one off financial measure provided at time of SM-DDP implementation.

[11] In closing, we are satisfied this reporting meets the intent for the required SM-CAP report back. Noting Navy's finalisation of all SM-DDP measures determined and delivered in Matter 14 of 2015, we accept the SM-CAP will continue as a stand-alone legacy measure and have no further reporting requirements.

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

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<sup>1</sup> <https://www.dfrt.gov.au/matters/submarine-capability-assurance-payment-amendments-and-report-back> paragraph 31.

<sup>2</sup> <https://www.dfrt.gov.au/matters/submariner-deliberately-differentiated-package-capability-assurance-payment>

<sup>3</sup> <https://www.dfrt.gov.au/matters/nuclear-submariner-workforce-tranche-1>

<sup>4</sup> ADF Report Back Submarine Capability Assurance Payment Report back dated 10 October 2024 Page 8 paragraph 1.11.

<sup>5</sup> Ibid page 7 paragraph 1.10.

<sup>6</sup> Ibid page 8 paragraph 1.13.

<sup>7</sup> Numbers provided prior to the extension of the ADF Continuation Bonus.

<sup>8</sup> ADF Report Back page 9 paragraph 1.16.

<sup>9</sup> Ibid page 10 paragraph 1.20.