



DEFENCE FORCE WELFARE ASSOCIATION
Patron-in-Chief: His Excellency General The Honourable David Hurley AC DSC (Retd)
NATIONAL OFFICE

PO Box 4166
KINGSTON ACT 2604

27 September 2023

DEFENCE FORCE WELFARE ASSOCIATION

**SUBMISSION TO THE
DEFENCE FORCE REMUNERATION TRIBUNAL**

**ADF WORKPLACE REMUNERATION ARRANGEMENT 2023 - 2026
MATTER NO 8 OF 2023**

Introduction

1. The Defence Force Welfare Association (the Association) has been granted leave to intervene on this Matter, as it has been for a number of previous WRAs.
2. The Association represents the interests of serving members of the ADF and by extension, their families. As an independent body it is able to provide the Tribunal with an impartial and independent view of ADF members' views on DFRT matters under consideration.
3. It was disappointing that the Association was faced with severe time constraints in developing this Submission and then undertaking a survey of ADF members, having only being informed of the Offer on 12 September.

DFWA Actions

4. During 2023 the Association forewarned ADF members about the upcoming WRA, and then the proposed Offer, by:
 - a. publishing articles in our magazine *Camaraderie*;
 - b. directly contacting by email all ADF members on our membership database;
 - c. posting on our *Facebook* page and other social media; and then
 - d. undertaking a web-based survey (18 - 26 September) to inform us about views on the proposed Offer.

5. Responses were received from each of these sources, but the survey was by far the most productive source.

The DFWA position advised to members

6. When soliciting comment, the Association did not put any proposed Association view on the Offer, in order not to influence responses. It did however state that the Association will always continue to support the principle of no loss of any Conditions of Service (a principle we successfully championed in a previous WRA). The Association advised members that the Offer proposes:
 - an increase of 11.2% to salary and salary-related allowances over a three-year period, with no loss of conditions of service;
 - that the 11.2% increase to be distributed as 4% in year one, 3.8% in year two and 3.4% in year three;
 - that the WRA will commence from 9 November 2023 and will remain in place until November 2026.

The Survey

7. The questions posed at the survey are detailed at Annex A and B.
8. 1654 people undertook the survey. This was considered a very good response especially given the truncated timeframe available to undertake it.
9. A summary of responses received is at Annex A and B.
10. Survey responders were also invited to provide written comments. There were too many to provide in this Submission, however a representative samples are shown at Annex A and B.

The Association's Views on Survey Results

11. From responses we received it is clear that ADF members and their families are generally disappointed with the Offer, given it falls short of CPI increases (the latest CPI data has the latest annual consumer prices increasing by 5.2% in August) and more specifically, movements in the *Employee Cost of Living Index* published by the Australian Bureau of Statistics.
12. More significantly, the survey responses suggested that the Offer will do little, if anything, to enhance retention and recruitment – a sentiment also supported by findings published in the Inquiry into the Department of the Defence Annual Report 2021-22.
13. **The Association broadly supports the two positions above. Our views on other related matters are at the end of this Submission.**

Recruitment and Retention

14. In its opening paragraphs, the Joint Submission claims that *the 2023 Arrangement will support the ADF to attract and retain members who are committed to serving the Government and people of Australia*. The DFWA (and survey responders) disputes this claim and cites *Parliamentary Inquiry into the Defence Annual Report* which details declining workforce health and increasing recruitment and retention pressures.
15. In evidence submitted to that Inquiry, Defence highlighted a departmental-wide underperformance in recruiting and retention targets for the financial year 2021/22.
 - ADF achieved an Average Funded Strength of 59,803 which was 2.7% below guidance.
 - One year later as of 01 Jun 2023, ADF forecasted achievement of Average Funded Strength of 5.6% below guidance.
 - Upon the release of the Parliamentary Inquiry in September 2023, ABC News reported that instead of growing by 1,000 members, the ADF shrunk by nearly 900 through poor recruiting and retention rates.
16. From the tone of the responses received the Association suggests that the Offer would be unlikely to have a material impact on recruiting and retention rates of the ADF.

Ongoing Capability Enhancements

17. Annexure A of the Joint Submission details the requirement for significant reorganisation of the Department and transformation of the ADF into a more agile and potent force. In the future, ADF members may anticipate operating differently to how they work now and increasingly from Australia's Northern network of Bases as an *integrated* force.
18. The Joint Submission also identifies the need for a strong and healthy force as essential, but that the ADF faces acute workforce challenges.

Developing a Remuneration Offer

19. The methodology for formulating the proposed arrangement is consistent with the current and previous Arrangement, insofar as the Proposal has been guided by the Government's Public Sector Workplace Relations Policy. We note that the *Public Sector Workplace Relations Policy 2023* explicitly excludes application to the ADF.. so why is there a connection when developing ADF remuneration?
20. DFWA is concerned that the delay to releasing the Proposal to the ADF was chiefly attributable to the Commonwealth's timeframe for tabling a revised APS pay offer. DFWA believes it would be more appropriate for the ADF and Commonwealth to abolish the nexus between ADF and APS pay offers to avoid 'impractical' delays to future Arrangements, reflecting the unique nature of military service. ADF members are not simply government employees, but are perceived to be so when apparently beholden to the APS "getting its act together first".

21. Indeed, the Joint Submission recognises the ADF as a unique workforce and quite separate to the APS and other workforces, including state and federal emergency services. Again, why is there an APS connection in developing ADF remuneration?

Recent CDF Interventions in ADF Salary

22. During the term of the current Arrangement, two significant adjustments were made to ADF salary and salary-related allowances that were not part of the original Decision handed down by the DFRT.
- Immediately prior to the third and final instalment of the annual 2% increase that the DFRT awarded in their November 2020 Decision, an additional 1% increase was approved by the DFRT –presumably in response to a request or submission by the Commonwealth and the CDF.
 - In May 2023, ADF annual rate of salary increased by \$2,000 as a result of the approval of *Military Factor Allowance*.
23. Whilst all salary increases are welcome, the manner in which an extra 1% was awarded to ADF members shows that additional funding can be found when desired and calls into question the Joint Submission that claims it is (for now ?) the best possible outcome. The Tribunal may wish to muse is it really so ?
24. Ad-hoc intervention of ADF salary sends a message to ADF members that their salary arrangements are subject to adjustment at any time. This type of intervention creates a sense of uncertainty when it comes to the most significant component of their remuneration package. The DFWA cannot help but wonder what kind of Arrangement may be decided by the Tribunal if it were permitted to independently arbitrate ADF salary adjustments.

Summary of the DFWA position

25. The Association believes the Offer falls short of CPI increases (5.2% in August) and more specifically, movements in the *Employee Cost of Living Index*, currently at an annualised rate of 9.6%. The Offer therefore does not meet cost of living increases faced by members.
26. The Association suggests that the Offer will do little, if anything, to enhance retention and recruitment, (a sentiment also supported by findings published in the *Inquiry into the Department of the Defence Annual Report 2021-22*).
27. The Association grapples with the current ADF remuneration setting arrangements that are perceived to be linked to APS Bargaining. This should not be so.
28. The Association submits that any changes to the Offer during the lifetime of the WRA, must be subject to full submissions by the parties. In such a case we would seek to intervene in any consideration of any such changes during the life of the Arrangement.

29. Finally, given the urgency of the strategic direction in which the *Defence Strategic Review* seeks to position Defence, Recommendation No. 1 of the *Inquiry into the Defence Annual Report*, and Australia's highly-competitive labour market, the Association asserts that this WRA provides an opportunity to send a message to the Australian community that increasing ADF remuneration is an investment in the future security of Australia and a firm acknowledgement to the current workforce that they are more than just government employees. Recent large wage increases to other deserving cohorts - eg Aged Care sector workers, teachers, aviation fire-fighters – suggest this is not a unique proposition.

DMR and DFRT Secretariat Support

30. The DFWA wishes to thank staff of DMR and the DFRT Secretariat for their continuing assistance and advice during the Association's truncated consideration of this matter.

Yours sincerely,

Les Bienkiewicz

Les Bienkiewicz

Defence Force Welfare Association

0411 444248

ANNEX A – THE DFWA SURVEY – QUESTIONS AND RESPONSES – ADF MEMBERS

ANNEX B - THE DFWA SURVEY – QUESTIONS AND RESPONSES – FORMER MEMBERS

THE DFWA SURVEY – QUESTIONS AND RESPONSES – ADF MEMBERS

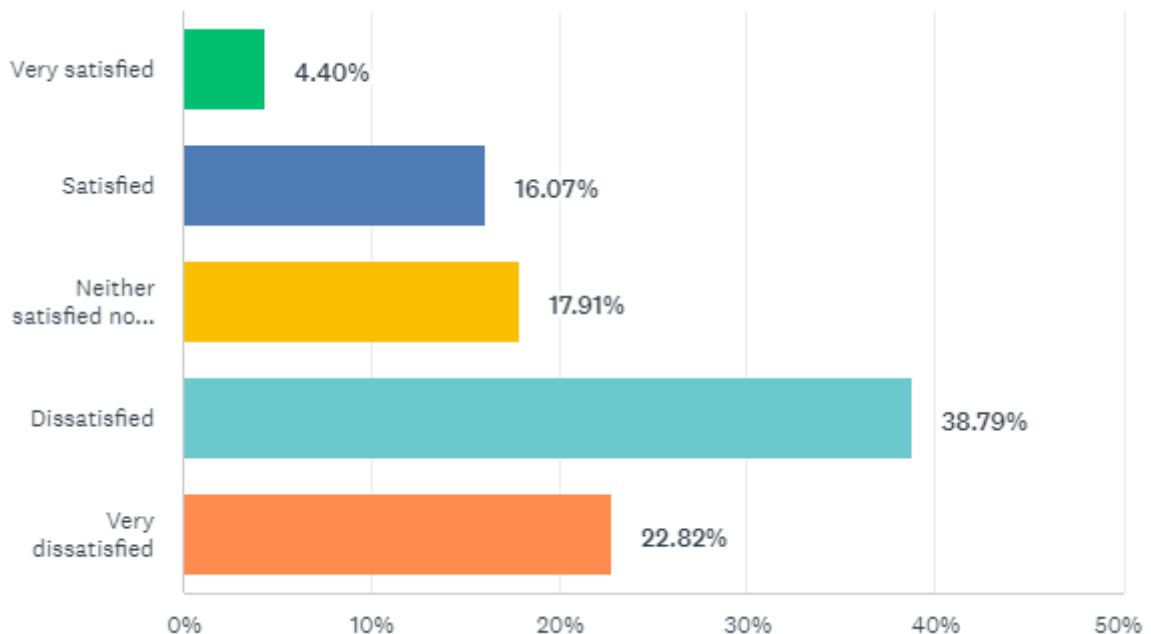
Note: DFWA can supply the full list of responses to the Tribunal or DMR upon request

Of the 1654 people that undertook the survey, 981 were from current ADF Members, 95.6% (938) of whom are Regular members. The results in this Annex are based on those responses.

QUESTION 1

HOW SATISFIED ARE YOU WITH THE SALARY INCREASES PROPOSED UNDER WRA 2023-26?

From 981 responses.



Summary of satisfaction level with proposed WRA 2023-26, current ADF members

DFWA Comment:

While approximately 21% of respondents were either satisfied or very satisfied with the proposed increases, over 61% of respondents were dissatisfied or very dissatisfied. The Association supports the majority view,

QUESTION 2**WHAT WAS THE REASON FOR YOUR RESPONSE?****Sample responses for those who were “Very Satisfied” or “Satisfied” – 173 responses**

I believe it to be a fair increase for currently serving members.

It will hopefully be above the inflation rate and I believe puts me in a better position to stay in defence.

It is a higher increase than previous WRA submissions, and comes closer to CPI, with no reduction in CoS.

It is still not keeping with inflation and ultimately we are not keeping with other industries. It is a good step in the right direction and would be appreciated. Defence is trying to grow its workforce, in order to attract and retain people It needs to keep focus on remuneration as a key consideration.

It is good to see a decent pay increase, with how expensive the cost of living is at the current state. It will reduce stress within defence families. 15% over the three years though would assist Defence member greater and also assist with the retention issue.

Sample responses for those who were “Neither Satisfied nor Dissatisfied” – 1 response

It should be 15.

Sample responses for those who were “Very Dissatisfied” or “Dissatisfied” – 584 responses

These proposed increase do not even meet inflation. The entire 11% barely exceeds this year's interest rate increase alone. This agreement represents an effective pay cut for a defence force that is failing to retain members

Inflation rate is too far apart from this proposal. The last WRA of 7% was well below inflation and we are paying the price. In order to right the wrongs we should be asking for a combined 18% over 3 years. Defence members historically get well less than inflation. If defence wants to retain soldiers, pay that is inline and competitive with the rest of the country might just slow the discharge rate of soldiers.

This increases won't make up current inflation, living cost and so on. We serve our country but money is not the factor we can ignore. This will impact on family and also comes to the member.

The ADF is struggling to recruit & retain soldiers & officers. Competitive remuneration is a powerful retention tool. At the same time there appears to be unconstrained growth in senior officer appointments and positions.

Only concern is with every pay increase cost of living goes up more and usually worse or not much better off once DHA, and other services increase their costs

Not inline with the wider workforce salary increases, people I know in civilian job have recently received 15 and 18% pay increases over three years respectively. Also the 15% over three years also get a cash bonus of \$2300 in January 2024 as part of the remuneration package.

Inflation is set at 6.5% this year alone. Not including the abnormally high rates of inflation over the last two years with a pathetically low pay rises.

The initial offer for APS pay increase, before negotiation was 10.5% over 3 years. The CPSU counter offered with 20% over 3 years after internal polls of its members rejected the 9/22/2023 7:49 AM The ADF Workplace Remuneration Arrangement (WRA) 2023-26 6 / 31 government's offer at 86%. Since defence does not have a union to represent its members and this offer is very close to the APS offer, it is difficult to accept this is the best the government can do for an organisation which closely resembles the Commonwealth public service. It's a start but what mechanism is there to facilitate negotiation on our behalf? And how are these negotiators tied to defence? This is the first interaction I have had with your organisation. It sounds like you are on the right track but engagement has been limited. 20% over three years should be the minimum counter offer, with the view to accept compromise at 5-5.5% over three years, based on our similarity with the APS but higher strategic risk we hold to not meeting recruiting/retention targets

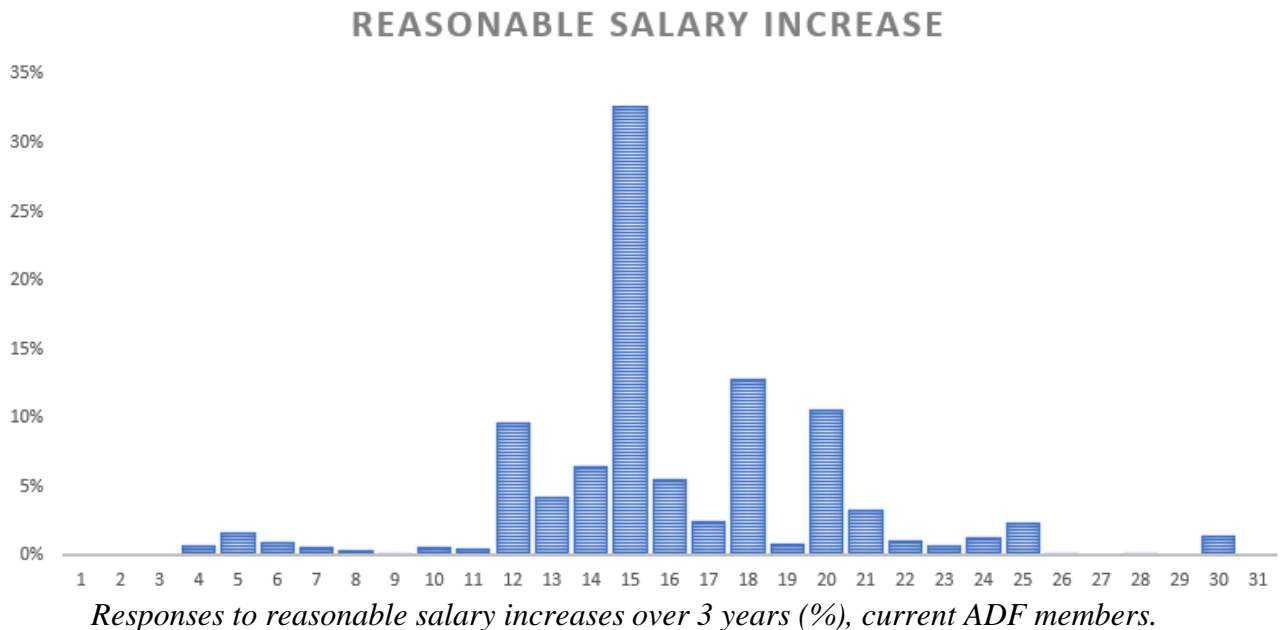
I'm dissatisfied as the proposed increase is joke in todays current climate. The national minimum wage went by 5.75% in one hit and you are offering only 4% on first increase. Also presetting increase for years to come is crazy as you can't foresee what the inflation will do to wether or not the increase is enough plus the second the salary goes up so will our rent and will see none of the increase.

DFWA Comment:

The predominant theme amongst respondents is that the proposed increases do not keep up with cost of living pressures. It is notable that even amongst respondents who were satisfied with the increases, many highlighted that they were below CPI. The Association supports this view.

QUESTION 3**WHAT DO YOU THINK IS A REASONABLE SALARY INCREASE OVER THREE YEARS?**

There were 934 responses to this question.

**DFWA Comment:**

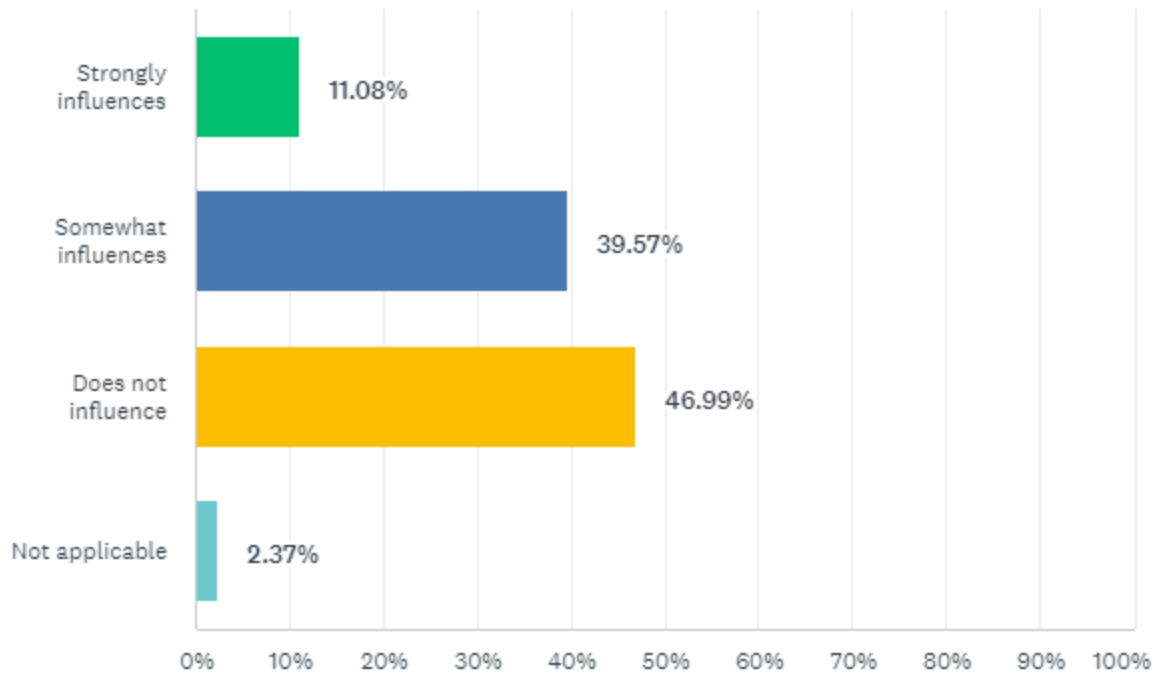
The average response to what a reasonable salary increase over three years would be is 15% and the median response is 16.65%. The DFWA reflects that ADF members are not being outlandish in their claims, an encouraging result suggesting members are objective and realistic about remuneration expectations.

QUESTION 4**TO WHAT EXTENT DO YOU CONSIDER THE EMPLOYMENT OFFER MODERNISATION PROGRAM (EOMP) INITIATIVES, LISTED, INFLUENCE YOU OR YOUR PARTNER'S DECISION TO REMAIN IN THE ADF?**

The following initiatives were listed in the question:

- Additional five days Basic Recreation Leave
- New Allowance Framework (Military Factor)
- Annual salary rate increase of \$2,000 (to offset future potential impact of Military Factor)
- Rolling into salary, Service and Uniform Allowances
- Increased Parental Leave (20 working days)
- Long Service Leave minimum period reduced to seven days
- Carers Leave extension of eligibility
- Extension of housing benefit for members who have children in their residence before turning 21 extended to the age of 25
- Flexible Housing Trial
- Transition housing – final Defence-funded move increased from 12 to 24 months

There were 930 responses to this question.



Reported influence of EOMP initiative on decision to remain in ADF, current ADF members.

DFWA Comment:

The general tone of responses indicate a large percentage of members are appreciative of such initiatives and that they can play an important role in retention and recruitment. Better targeting may well enhance this view.

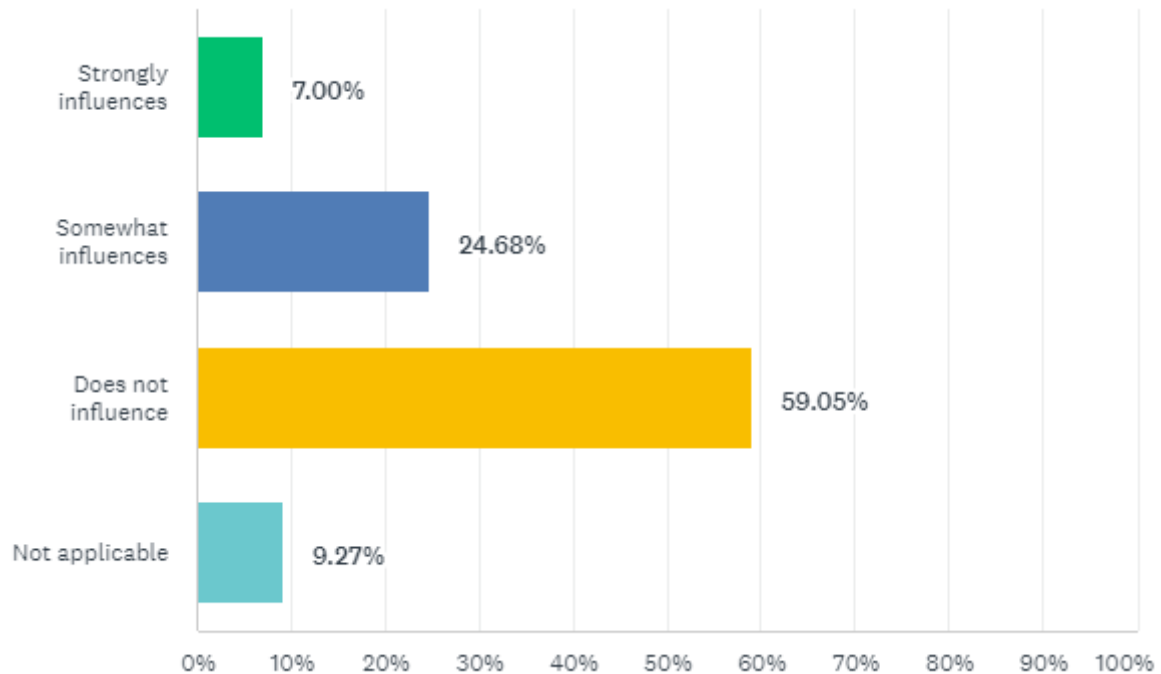
QUESTION 5

TO WHAT EXTENT DO YOU CONSIDER THE RECRUITMENT AND RETENTION INITIATIVES, LISTED, INFLUENCE YOU OR YOUR PARTNER'S DECISION TO REMAIN IN THE ADF?

The following initiatives were listed in the question:

- \$50K Continuation Bonus (limited to members within their initial minimum period of service)
- Increasing Defence-funded reimbursements under the Defence Assisted Study Scheme and the removal of annual funding caps
- Expanding coverage and doubling the amount under the ADF Family Health Scheme

There were 928 responses to this question.



Reported influence of Recruitment and Retention initiatives on decision to remain in ADF, current ADF members.

DFWA Comment:

This had a slightly lower support than for the previous question. DMR may wish to muse on this,

QUESTION 6

YOU SAID YOU OR YOUR PARTNER WERE CONSIDERING SEPARATING FROM THE ADF. ARE THERE ANY CHANGES TO ADF CONDITIONS OF SERVICE THAT WOULD SUPPORT YOUR/THEIR CONTINUED SERVICE?

- **Of the respondents, 69.0% (640) indicated that either they or their partner was considering separating from Defence.**
- **Of those who answered “yes” to considering separating from Defence, there were 621 responses.**

Sample responses:

Family stability and location and major factors in separation as well as pay. Some jobs (communications) within Defence pay alot less than in the civilian world at the OR level (PTE-WO2)

My wife and I are both full time serving members, with the increases to cost of living we are no longer financially comfortable on our defence wages due to small pay increases of the last 15 years we have been in. If we were to receive a reasonable pay rise and / or retention benefit this would keep us both in service. We are currently looking to separate due to the private sector paying more for the same job. Defence's current posting policy having to move around Australia

multiple times throughout one's career is not family friendly, this is another reason we are looking to separate. Longer stability in posting location would be a big incentive to stay in

Better consideration with FAS and postings. Being home is good but 90% of the year when I get home my partner deploys. Whilst it may be respite, family time is more important to me.

A pension would incentivise continued service, and a salary that was above average. The pay gap between ADF and private equivalent jobs is getting bigger and more attractive. The retention bonus is predominantly lost to tax, so not really an effective incentive.

Stop posting members out frequently. No family stability & careers for partners are not stable & mental health for family members decline. Eg, lack of/ changing school friends on postings etc.

Greater DHOAS flexibility, able to choose any bank to apply subsidy. Ability to salary sacrifice mortgage repayments.

Receiving one leave day, per 10 days spent out field, capped at 10 days total is a sham. We'll often spend several weeks out field, missing 3 weekends and 15 evenings with our families and receive just 2.1 days leave in return. Additionally I spent 144 days of field last year so did not receive any additional days leave for the last 44 out field. 10 days leave for not seeing my family for half a year is so far out of line with every Australian workplace that it's not worth it for many members.

Honestly the biggest factor is the workload and support at work, in the last 12 months we have lost over 50% of our LS in our workforce. These positions have been filled by SMM and junior AB's who simply don't have the experience they need to safely do their job. On top of that our funding has been significantly cut to the point we cannot procure the basic tools to maintain and fix equipment. We need more personnel, more funding and support before we loose what's left of our workforce. It would only take losing our last 3 IR compliant LSET's to force the minehunter fleet to be tied up. Of which I know 2 have plans to leave and one is looking at commissioning to get away from the work environment.

Salary is not competitive with civilian equivalent. Due to the nature of the ADF Roles, make the salary tax free for a fixed period of time (5 years). Stop taxing field pay and other hardship allowances, it severely detracts from the allowances. - The continuation bonus is aimed at the wrong group of individuals. You are aiming at junior ranks when it should target corporate knowledge and experience to remain in the ADF. We will be a hollow organisation. DONT TAX CONTINUATION OR RETENTION BONUSES. - Bring back the MSBS retention bonus. Due to rising costs of living, members are highly financially driven.

QUESTION 7

DO YOU HAVE ANY OTHER COMMENTS YOU WISH TO MAKE TO INFORM THE DEFENCE FORCE REMUNERATION TRIBUNAL?

There were 521 responses to this question.

Sample responses:

People do not just join the defence force for money its the pride in wearing the Australian uniform this is what makes the ADF and yes they should be looked after. Hopefully the ADF will start to reduce the reliance on contractors. This will offer more career opportunities and better

training, making the job more rewarding thus keeping more members wanting to make the ADF a full time Career

In order to retain / recruit additional personnel Defence needs to understand that people want to and are proud to serve their country however they also need to be able to pay for living expenses and have some money leftover for enjoyment. Very few people are going to serve for the pride alone, it must be coupled with a balanced and fair pay structure which compensates for the additional service requirements that we endure compared to civilian industries. Over my last 15 years of service I have seen defence move to what seems like more of a business structure in regards to their rostering of personnel etc however the pay we receive is not the same as a business - ie no overtime or penalty rates for working weekends, public holidays, etc. With the recent changes to try and retain personnel I don't believe it will keep many people - extra leave is great however it doesn't pay the mortgage or put food on the table, a higher paying civilian job will. The retention benefit for new employees of the ADF has also missed the mark in my opinion, it has sent a message to the people like me that our experience and sacrifices we have made for the job over the years is not valued.

What about the Army Reserve's? the Tax-Free pay need's to at least "double" to catch up with all those year's where it hasn't caught up with inflation, and has basically done nothing as far as Recruitment, Retention, Re-Training. There also should be a focus on ex-ADF Personnel who wish to re-sign up with the Army Reserve's to support the Australian Regular Army and the ADF/APS overall especially if casual, short, temporary work can also be offered that doesn't effect any DVA Pension's and or DVA Incapacity Payment's, we should not be loosing all those skills, training, experience and knowledge. If a person can have a go and pass the required recruitment training and still are positive and willing to give their best, they should be given a go to get themselves back into "service" for AUSTRALIA.

In regards to the increase. The annual increase in pay does not meet the civilian standard. Considering the impacts of the constant changes and stress put on members it is likely to be a problem with retention. In addition, a number of the retention initiatives such as the 50k package, does not help all members. It has created frustrations to members and their families who have been serving for many years, moving frequently and having to assist children with readjustments and fitting in to new schools. Some people leave defence to have stability in living. If you were to consider having the ability for some members to be able to stay in one location (of choice) they would probably be happy to consider your proposed salary increase.

The cost of living has increased so dramatically over the past 5 years to the point our remuneration is just not enough to allow us to live comfortably anymore without the stress of living expenses hanging over our heads. Our remuneration needs to be higher to meet the current living costs and is just not getting there especially for senior sailors who have served 20 plus years. In the civilian world someone who has worked 20 years in a professional career would be earning more than we do so why would we stay working in a job that doesn't recognise this factor

The proposed 11.2% only just stays ahead of inflation. Potentially an additional % for those in regional areas such as combat brigades like Townsville that are traditionally difficult to retain service members in.

Defence housing review needs to hurry up and a review of jobs individual pay grades needs to be reviewed. I have PTE(P) colleagues on pay grade 5 leaving consistently for \$130,000-\$140,000 a year civilian jobs (RAEME)

THE DFWA SURVEY – QUESTIONS AND RESPONSES – FORMER MEMBERS

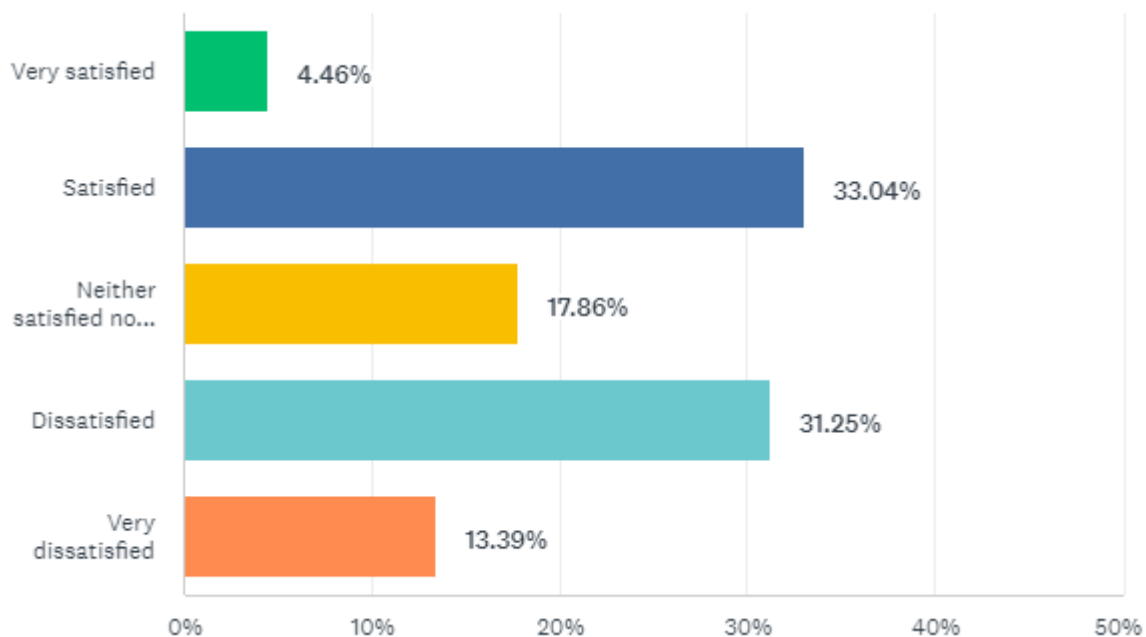
DFWA received 115 responses from former ADF Members who are receiving Military Rehabilitation and Compensation Act 2004 (Cwth) or the Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988 (Cwth) incapacity payments that are linked to ADF Salary.

The results in this Annex are based on those responses.

QUESTION 2/1

HOW SATISFIED ARE YOU WITH THE SALARY INCREASES PROPOSED UNDER WRA 2023-26?

From 115 responses.



QUESTION 2/2

WHAT WAS THE REASON FOR YOUR RESPONSE?

Sample responses:

Currently the official inflation rate is at 7% I consider the real inflation rate is at least 12% looking at cheese at 24% and butter at 10% giving an average of 12% on just those items alone, take into all other rises in fuel and power. The percentage rate increases per year fall well below annual inflation and will do over the years in progress.

The amount appears relevant to recent inflation rates

Underlining Cost of Living expenses far exceed the proposed increases. COL is rapidly increasing as at todays date with no sign of abating as inferred by the proposal and it's starting from an appalling low of 4%.

I believe it is far better than the 1 or 2% they keep giving to us.

Any increase is better than no increase

The rate rise doesn't come near to assisting with cost of living pressures in today's economy

Any increase is welcomed

Inflation prices are continually going up, for those on a Class A, B or C pension are already on 75 % of basic wage minus allowances. Looking at this, we are more like 50% of our previous wage. No sea-going allowances, field allowances so more money lost there because we were injured while doing the job. The cost of living is sky-rocketing, food, electricity, insurance, interest rates, rates, car registration. For those on Class A and not TPI don't receive any concessions for most of these. Families are likely to be in debt each fortnight or decide whether to pay rent, buy food, school fees, clothes, shoes, childrens sports, petrol, registration, electricity etc. We also never go up in rank so no pay rise there which would have been our natural career progression. While the government can give themselves a lovely \$9k per year pay rise, the defence force and veterans are receiving a measly couple of hundred over three years. It's not good enough! The government has taken away the ability to retrain in a new field by no longer laying for this education and those studying full-time to commence a different career have lost the incapacity payments which were given if we studied full-time. Now everybody is studying full-time and the incentive has been taken away. This would save the government millions once veterans are retrained in a different job. No DVA top up, mental health declines as the veteran in gainfully employed and has something to look forward to. Veteran suicide rates will drop as they're not sitting starting at four walls each and every day with a bottle of spirits for company, there will be less Psychiatric and psychologist bills to pay as mental health rates positively increase. GPs and mental health nurse fees will reduce. Perhaps the intent is veteran suicide so they pay less pensions. Nothing says thanks for your service like veteran suicide and homelessness.

DFWA Comment:

There is the expected cost of living concerns expressed by members. It is notable that the sentiment amongst many within this cohort is that any increase is appreciated – there does not seem to be an expectation or feeling of extra entitlement.