



DEFENCE FORCE WELFARE ASSOCIATION

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**SUBMISSION TO THE
DEFENCE FORCE REMUNERATION TRIBUNAL**

**REQUESTED TO BE SUBMITTED
TO THE TRIBUNAL BY 1700hrs MONDAY 13 OCTOBER 2014**

**DEALING WITH
THE JOINT SUBMISSION
PROVIDED BY THE COMMONWEALTH AND THE ADF
AT 1700hrs FRIDAY 10 OCTOBER 2014**

**ON MATTER NO 9 OF 2014
THE 2014 WORKPLACE REMUNERATION ARRANGEMENT**

Reference:

A. Joint Commonwealth and ADF Submission

SUMMARY OF THE DFWA POSITION

- a. Although the timeframe was very short, the Association received significant input from members of the ADF.
- b. ADF members indicated in very strong terms that they do not support the Arrangement nor the “productivity initiatives” to fund it. The Association believes the WRA should at least match the movement of the “Employee Living Cost Index” not just inflation in order to maintain real purchasing power of ADF salaries. Anything less effectively represents a pay cut which we find objectionable. Nowhere in the Joint Submission is there mention of the reduction of purchasing power of the wages or an analysis of the negative effect on the ADF members.
- c. The Association and our members are dissatisfied with the process used to develop the Arrangement and communicate its terms to ADF members.
- d. The Association strongly objects to the extremely short timeframe allowed to assess the Arrangement before it is put to the Tribunal.
- e. The Association notes that ADF members have produced efficiency gains over the last 7-8 years, and there has been no recognition for these or acknowledgement of the extra workload carried by them to meet the government’s objectives.

THE ASSOCIATION OPPOSES THE ARRANGEMENT AS IT CURRENTLY STANDS.

DISCUSSION OF THE DFWA POSITION

01. The Association offers the following comments against each of the above points.

Although the timeframe was very short, the Association received significant input from members of the ADF.

02. In order to properly inform the Association of the views of ADF members (and therefore the Tribunal itself), the Association invited ADF members to participate in a short survey. This invitation was conveyed by way of advertisements in the Service Newspapers published on 25 September 2014 (in anticipation of the Hearing being held shortly after), and by regular Updates to members by way of email and social media.

03. Significantly, the survey was not able to be released until after the Arrangement was released. The survey went “live” at midday on Friday 10 October, after the Arrangement was released by way of the CDF Signal to ADF members that morning.

04. As at 1400hrs 13 October 2014, over 7300 responses were received, with well over 90% expressing their displeasure on the Arrangement itself and over 80% with the process itself.

- Annex A – graphical summary of responses to questions asked.
- Annex B - responses to Question 4. This annex is 319 pages (6078 responses) and so only a short extract is provided. The full copy can be provided on request.
- Annex C - responses to Question 7. This annex is 154 pages (3984 responses) and so only a short extract is provided. The full copy can be provided on request.

Note: The Association can provide updated figures on the survey to the Tribunal at the Hearing on 15 October.

05. The Command Presentation Pack says that “The CDF, Service Chiefs and the DFRT will consider the comments and feedback provided by ADF Members when deciding on the outcome of any proposed arrangement” (Joint Submission page 066). The Association provides the results of our survey to the Tribunal to facilitate this process.

06. The Association notes it has not had time to fully evaluate the comments received, given the extremely short timeframe allowed to prepare this submission. However a basic analysis indicates that concerns offered can be broadly grouped as follows:

1. Poor communication
2. No opportunity to participate in the process
3. The Arrangement does not reflect efficiencies & productivity increases achieved
4. Loss of leave should not be included
5. Many members would decline the Arrangement and keep their conditions of service, if provided the opportunity.

07. One comment received is especially telling:

I don't fully appreciate the pressures that the CDF and senior leadership are placed under by government but I need to feel assured that they have our best interests at heart. Among the FIC, the most important input is people - by a long long way. We've proved that we can achieve much with reductions in other areas so we should always concentrate on boosting what we Arrangement to people.

(FIC – Fundamental Inputs to Capability)

08. In addition, the Association regularly utilised Facebook and direct email to advertise the WRA process and the Arrangement. As an example of the interest the matter has generated, within 24 hours after an Update was posted on 11 October, over 31,500 “hits” were recorded

ADF members indicated in very strong terms that they do not support the Arrangement nor the “productivity initiatives” offered to fund it. The Association believes the WRA should at least match the movement of the “Employee Living Cost Index” not just inflation in order to maintain real purchasing power of ADF salaries. Anything less effectively represents a pay cut which we find objectionable. Nowhere in the Joint Submission is there mention of the reduction of purchasing power of the wages or an analysis of the negative effect on the ADF members.

09. There are two aspects to this point: the quantum of the Pay Arrangement and the “productivity initiatives” proposed to fund them.

Quantum of the Pay Arrangement

10. The Arrangement of 4.5% over three years, on its face less would appear to be less than inflation. The reality is that this amounts to a real reduction in salary. The Arrangement provides no analysis of the adverse effect this will have on the living standards of ADF families.

011. In short, 1.5% pa is approx. half of inflation, so that implies at least a 4.5% decrease in the purchasing power of wages (notwithstanding that inflation is not a measure of purchasing power, which is increasing at a higher rate than inflation) over the course of the WRA. The Reserve Bank of Australia has advised that current inflation rates in the last four quarters were:

Sep 2.2 %

Dec 2.7 %

Mar 2.9 %

Jun 3.0 %

012. In addition, many expenses imposed on ADF members – such as Defence Housing rents, rations and quarter charges etc will undoubtedly increase by at least CPI, which is more than the pay rise offered, and thus any pay rise will be quickly subsumed.

The Productivity Initiatives

013. The Association objects most strongly to the concept that any salary increases be funded by offsets. Indeed, the Association finds the term “productivity initiatives” inappropriate. What it means in reality is that the employer pays nothing for the increases, with the employee having to fund any increase out of their own pocket by way of reduction in other entitlements.

014. Therefore by any logical way of looking at it:

- The net effect to both the employer and employee is a zero sum gain; and
- How long can offsets be manufactured? When will the cupboard be bare?

015. The Association (and most of the ADF responses to the Survey) are especially disturbed at the nature of the “productivity initiatives”, which in reality degrade conditions of service at a time of continuing high operational tempo.

016. If the nation is prepared to continue to deploy its ADF, and is more than happy (judging by public utterances) with its operational performance, then the Association believes it should at least continue to pay its members and maintain their conditions of service at a stable rate, instead of reducing their relative income and conditions of service.

- a. Removal of stand down provisions (1 day per year). This is seen by the respondents to our survey as a slap in face to ADF families in particular. The Association questions how a financial “saving” of some \$19m pa can be achieved? In any case, cannot local commanders approve local stand down and leave as a chain of command function?
- b. Removal of Extra Recreation Leave (5 days per year) This extra leave is provided to give a member time for rest after they perform arduous or prolonged duty for which no other leave has been granted. Again, this is seen by our respondents as another slap in face for ADF families in particular, especially those involved in shift work. The Association questions how a financial “saving” of some \$44m pa can be achieved?
- c. Changes to Higher Duties Allowances. On quick consideration, the Association has no position on this as it does not have enough information on any outcomes this may have. However it notes that the savings are minimal, and can therefore can best be seen as a “bad PR” outcome.
- d. Changes to Allowable Driving Limits. The Association no position on this as it has not had time to evaluate this proposal, but notes possible OH&S implications and how the new rates compare to other non-ADF entitlements. Again, the savings are minimal.
- e. Removal of Food Allowance. The Association has not had time to evaluate this matter, but notes this may have a significant impact on a small number of ADF members (who therefore will bear a greater burden of this initiative). One member indicated this will result in a reduction of \$189 per fortnight, however the Association has not had time to verify this figure.
- f. Replacing rates of motor vehicle allowances. The Association has not had time to evaluate this matter (especially as it may relate to entitlements other Australians may be paid), but notes the savings offered are minimal.

The Association itself and our members are dissatisfied with the process used to develop the Arrangement and communicate its terms to ADF members.

017. Members have indicated they were cynical about the process used to develop the Arrangement and communicate its terms to the ADF. Members are aware that whilst the process may have been *explained* to members, their input was limited and the Arrangement then presented as a *fait accompli* - indeed how can any feedback and consultation occur on the Arrangement when it was not released until Friday 10 October, with a Hearing then scheduled for just 3 working days later?

018. The Association understands ADF members' cynicism about the fundamentally unsatisfactory nature of the WRA and DFRT process. Whilst the Association acknowledges that ADF members were made aware that they had no ability to bargain (Joint Submission para 58e) it therefore questions what was the point of having a "consultation" process? There was no Arrangement presented to ADF members for their consultation as no feedback (i.e., consultation?) was requested when the Arrangement was finally released on 10 October 2014.

019. In 2011, Defence managed to elicit over 26,000 responses (Minister Snowden's press release dated 28 Oct 2011), from serving members through a "show-of-hands" at Roadshows and through Email responses. For this WRA, the Association received over 7,300 responses (as at 1400 13 October) to its survey. Defence on the other hand attracted only 3,300 attendees to its 2014 Roadshows.

020. The Tribunal may wish to consider whether Defence's alternate method and process for considering future wage arrangements consultation, which it recommended after the last WRA, has been successful or not.

<p style="text-align: center;">The Association strongly objects to the extremely short timeframe allowed to assess the Arrangement before it is put to the Tribunal</p>
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021. The ADF and Commonwealth have had, in effect, three years to develop its Arrangement.

022. To present an Agreed Position at literally a minute to midnight (minutes before the Tribunal's cut off time of 1700hs 10 October), thus providing virtually no time for interveners to properly develop a response, is simply not acceptable and makes a mockery of the openness of the current ADF wage fixing arrangements. The Association muses that a similar situation occurred during the last WRA.

023. The Association notes that *Workplace Remuneration Arrangement Frequently Asked Questions* provided to ADF members (see Joint Submission page 077) advised that members would be informed of the Arrangement "most likely mid to late August 2014". The delay in its release added to ADFs members' cynicism about the process, and indeed the Arrangement.

024. Most importantly, the Association objects to the implied threat in the Joint Submission at paragraph 16 that any delay effecting the pay increases would raise issues as to the retrospectivity of any future pay increases, and that the best interests of the ADF would be served by not delaying the increases.

025. Any delay in the Tribunal properly considering this matter is in no way the fault of any action or inaction on the part of ADF members or the Tribunal itself. If adequate time had been provided for all parties to consider the Arrangement, the Tribunal would not be faced with the current situation.

The Association notes that ADF members have produced efficiency gains over the last 7-8 years, and there has been no recognition for these or acknowledgement of the extra workload carried by them to meet the government's objectives.

026. The Association notes that Defence have advised that the Strategic Reform Program has identified over 300 initiatives and will deliver \$20 billion of savings over 10 years, and that all savings will be “reinvested in Defence”.

027. The Association suggests that it would not be unreasonable for some of these savings – which in great part are generated by changes to personnel practices and entitlements – to fund more equitable salary increases for the ADF.

028. Indeed the Joint Submission fails to comprehensively articulate productivity & efficiency gains made in recent years, or those about to be made (for example, the reduced rates of deployment allowances that commenced 1 Jul 2014 and further reduced rates (circa 25%) of deployment allowances to commence on 1 Jan 2015).

DMR AND DFRT SECRETARIAT SUPPORT

029. Finally, the Association has no criticism of the support and consultation it was provided by the Directorate of Military Remuneration during the past few months. It also acknowledges the difficult task it was faced with.

030. The Association enjoyed prompt and regular access to DMR staff, who kept the Association informed during the development of the WRA. Similar support and assistance was provided by DFRT Secretariat staff.

031. The Association is grateful to both the DMR and the DFRT Secretariat for the support as provided to the Association in recent months.

Annexes:

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