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R 280015Z OCT 11

FM CDF AUSTRALIA

TO AIG 3600

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RAYLSA/DMSA-P CANBERRA

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UNCLAS

SIC SAE

FROM CDF FOR ALL COMMANDERS

SUBJ: DFRT AGREEMENT TO THE ADF WORKPLACE REMUNERATION ARRANGEMENT
2011-14 (WRA 2011-14)

1. SUMMARY. THIS MESSAGE PROVIDES ADVICE FROM ME ON THE REASONS I
DECIDED TO PROGRESS THE NEW ADF WRA 2011-14 TO THE DEFENCE FORCE
REMUNERATION TRIBUNAL (DFRT) FOR APPROVAL WHICH WAS GRANTED ON 28 OCT
11 END SUMMARY.

2. THE NEW WRA. THE DFRT HEARD THE ADF SUBMISSION FOR THE NEW WRA ON
THE 27 OCT 11 AND AGREED TO INCREASES IN ADF PAY IN THE FOL
INSTALMENTS:

4 PER CENT WITH EFFECT FROM 10 NOV 11

2.5 PER CENT WITH EFFECT FROM 8 NOV 12

2.5 PER CENT WITH EFFECT FROM 7 NOV 13

3. THE CUMULATIVE PAY INCREASE OVER THE LIFE OF THE ARRANGEMENT IS 9
.26 PER CENT.

4. RESULTS OF ADF CONSULTATION ON THE NEW WRA. FOL INFORMAL CONSULTATION ACROSS THE ADF A RANGE OF MEMBERS CONCERNS WERE IDENTIFIED WITH THE ORIGINAL WRA PROPOSAL OF 3 PER CENT ANNUAL PAY INCREASES OVER THREE YEARS. AFTER COSC CONSIDERATION IN AUG 11, THE WRA OFFER WAS REVISED TO 4 PER CENT, 2.5 PER CENT, 2.5 PER CENT OVER THREE YEARS TO ADDRESS THE CONCERNS OF ADF MEMBERS. THE ADF CONSULTED WITH THE RETURNED AND SERVICES LEAGUE (RSL) AND THE DEFENCE FORCE WELFARE ASSOCIATION (DFWA). (THE RSL AND DFWA APPEAR AS INTERVENERS BEFORE THE DFRT). THE ADF APPRECIATED THE CONSTRUCTIVE AND HELPFUL DIALOGUE WITH THE RSL AND DFWA THROUGHOUT THE WRA CONSULTATION PROCESS. THE FINAL OVERALL LEVEL OF FORMAL ADF SUPPORT FOR THE REVISED WRA PROPOSAL WAS 38% ALTHOUGH SOME SERVICES HAD A HIGHER LEVEL OF SUPPORT.

5. COSC CONSIDERATION OF OPTIONS TO PROGRESS THE NEW WRA. THE COSC MET AGAIN ON 20 OCT 11 TO CONSIDER THE ADF LEVEL OF SUPPORT AND OPTIONS TO PROGRESS THE NEW WRA. ESSENTIALLY TWO OPTIONS WERE AVAL TO ME. THE FIRST WAS TO SEEK THE APPROVAL OF THE DFRT TO DEFER THE WRA HEARING TO ALLOW DEFENCE TIME TO DEVELOP NEW OPTIONS TO PROGRESS THE WRA. THE SECOND OPTION WAS TO PROCEED WITH THE SCHEDULED DFRT HEARING OF 27 OCT 11 AND PRESENT THE WRA PROPOSAL UNCHANGED.

6. AFTER CAREFUL CONSIDERATION OF THE CONCERNS OF MANY MEMBERS AND CONSULTATION WITH THE SECRETARY, SERVICE CHIEFS AND THE DEFENCE FORCE ADVOCATE, I ADVISED COSC THAT THE INTERESTS OF ADF MEMBERS WOULD BEST BE SERVED BY PROCEEDING TO THE DFRT ON 27 OCT 11 WITH THE WRA OFFER UNCHANGED. AT THE COSC THE SECRETARY AND SERVICE CHIEFS STRONGLY SUPPORTED MY PREFERRED COURSE OF ACTION.

7. THE FACTORS WHICH INFORMED MY DECISION INCLUDED, THAT IF I DELAYED AN APPLICATION OR IF AN ADF APPLICATION FOR DEFERRAL WAS APPROVED BY THE DFRT, MEMBERS WOULD NOT HAVE RECEIVED THEIR FIRST PAY INCREASE IN NOV 11. WITH DEFERRAL THERE WAS A HIGH RISK THAT WHEN A NEW WRA WAS EVENTUALLY STRUCK BACK PAY TO 10 NOV 11 WOULD HAVE BEEN OPPOSED BY THE COMMONWEALTH ADVOCATE ON THE BASIS IT IS NOT ALLOWABLE UNDER CURRENT COMMONWEALTH POLICY. THIS WOULD HAVE GIVEN THE DFRT LITTLE ROOM TO MANOEUVRE TO APPROVE BACK PAY. IT WAS ALSO UNLIKELY THAT

DEFERRAL WOULD HAVE RESULTED IN A DIFFERENT WRA OUTCOME GIVEN DEFENCE BUDGET CONSTRAINTS AND COMMONWEALTH AND DEFENCE POLICY GUIDANCE ON PAY INCREASES.

8. THE OPPORTUNITY TO OBTAIN A PAY INCREASE FOR ADF MEMBERS IN NOV 11 , RATHER THAN PURSUE DEFERRAL WITH ALL THE RISKS INVOLVED AND AN UNCERTAIN OUTCOME FOR ADF MEMBERS MADE MY DECISION CLEAR CUT. COSC NOTED THAT THE NEW WRA IS AFFORDABLE, AND IS CONSISTENT WITH COMMONWEALTH AND DEFENCE POLICY GUIDANCE FOR PAY INCREASES. BEFORE THE WRA WAS PRESENTED TO THE DFRT IT WAS ASSESSED BY THE AUSTRALIAN PUBLIC SERVICE COMMISSION WHICH FOUND THAT THE PROPOSED PAY INCREASE OF 9 PER CENT OVER THREE YEARS WAS RESPONSIBLE AND FAIR AND REASONABLE IN THE CURRENT ECONOMIC CIRCUMSTANCES.

9. IMPORTANTLY, AT COSC I OBTAINED AGREEMENT THAT IF THE DEFENCE ENTERPRISE COLLECTIVE AGREEMENT (DECA) 2011 AGREEMENT IS MATERIALLY BETTER THAN THE NEW WRA THEN I WILL SEEK TO RETURN TO THE DFRT IN ORDER TO RESTORE PARITY BETWEEN THE WRA AND DECA. THIS WOULD OCCUR DURING THE LIFE OF THE NEW WRA AND WOULD MAINTAIN THE STRONG LINKAGE BETWEEN THE WRA AND DECA. I WILL CONSULT CLOSELY WITH THE SECRETARY AND SERVICE CHIEFS ON THIS MATTER IF REQUIRED. THE RSL AND DFWA WILL ALSO BE CONSULTED BEFORE ANY APPROACH IS MADE TO THE DFRT.

10. PARITY WITH THE DECA WAS ANOTHER IMPORTANT FACTOR IMPACTING MY DECISION. SINCE 1992 DEFENCE HAS APPLIED A POLICY OF PARITY IN PAY ADJUSTMENTS BETWEEN THE DECA AND WRA IN RECOGNITION OF THE ADF AND DEFENCE AUSTRALIAN PUBLIC SERVICE (APS) SHARED CONTRIBUTION TO PRODUCTIVITY AND EFFICIENCY GAINS. THE DEMONSTRATION OF PRODUCTIVITY AND EFFICIENCY GAINS FOR PAY ADJUSTMENTS BEFORE THE DFRT IS IDENTICAL TO THE ENTERPRISE BARGAINING MODEL USED ACROSS THE AUSTRALIAN WORKFORCE. SINCE PAY ADJUSTMENTS ARE BASED ON DEMONSTRATION OF PRODUCTIVITY AND EFFICIENCY GAINS, DATA ON PAST OR PROJECTED CONSUMER PRICE INDEX CHANGES ARE NOT GENERALLY ALLOWABLE TO BE PRESENTED AS EVIDENCE UNDER THE ENTERPRISE BARGAINING MODEL. THE WRA MODEL AND THE LINKAGE WITH THE DECA HAVE SERVED THE ADF WELL SINCE 1992 AND I AM CONFIDENT WILL CONTINUE TO DO SO IN THE FUTURE.

11. THE NEW WRA WILL RUN FOR THREE YEARS BUT THE ADF HAS THE FLEXIBILITY IN THAT TIME TO RETURN TO THE DFRT TO REVIEW AND SEEK ADJUSTMENT AND IMPROVEMENT TO PAY STRUCTURES AND SALARY RELATED ALLOWANCES. CONSULTATION AND ENGAGEMENT WITH MEMBERS WILL PRECEDE ANY APPROACH TO THE DFRT. ADDITIONAL EFFORTS WILL BE MADE TO RAISE AWARENESS OF THE COMPREHENSIVE RANGE AND VALUE OF BENEFITS, SERVICES AND OPPORTUNITIES PROVIDED TO MEMBERS UNDER THE DEFENCE EMPLOYMENT OFFER AND THE ROLE WRA ADJUSTMENTS PLAY IN THAT CONTEXT. FURTHER ADVICE WILL FOLLOW.

12. I THANK THE MANY ADF MEMBERS WHO CONTRIBUTED TO THE WRA CONSULTATION PROCESS AND MADE THEIR VIEWS KNOWN. THE ADF WILL CONTINUE TO SEEK THE VIEWS OF MEMBERS ON PAY AND CONDITIONS OF SERVICE MATTERS AND RESPOND.

13. GUIDANCE COMMANDERS ARE TO ENSURE THAT MEMBERS UNDER THEIR COMMAND ARE AWARE OF THE DETAILS OF THE WRA PAY INCREASE AND THE REASONS I DECIDED TO PROCEED TO THE DFRT ON 27 OCT 11.

14. THE WRA 2011-14 RATES OF SALARY INCREASE ARE AVAL ON THE PAY AND CONDITIONS WEBSITE ON THE DEFWEB AT [HTTP://INTRANET.DEFENCE.GOV.AU/PAC/](http://intranet.defence.gov.au/pac/) AND FOLLOW THE WORKPLACE REMUNERATION ARRANGEMENT LINK.

15. WRA INCREASES ARE CONSIDERED SEPARATELY TO HOUSING CONDITIONS AND OTHER CONDITIONS OF SERVICE.

16. THE INFORMATION IN THIS MESSAGE IS FOR WIDEST DISSEMINATION
BT

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