

**EXECUTIVE SUMMARY: MEAO FIELD ALLOWANCE REVIEW TEAM REPORT  
JUN 09**

1. The appointment of CJOPS as the delegate for approval of Field Allowance (FA) provides both an opportunity – and an obligation to grip up a situation that, characterised by ambiguity and inconsistency, has led to unfairness and inequitable outcomes – not only within theatres and operations, but also between theatres and operations.
2. To enable CJOPS to properly execute his FA delegation, the Review Team was tasked to undertake a review of living and working conditions, eating and leisure arrangements, facilities and services and hours of work in all AS troop locations across the MEAO and make recommendations as to the application of the provisions of PACMAN FA regulations in the operational context. The Team was to determine if the application of FA policy is fair and reasonable in the context of local living conditions and establish if FA provisions are being properly administered and paid on a fair and equitable basis.
3. The Review found that Tier 2 FA is routinely paid in every location (less Bahrain) throughout the MEAO, in contravention of the strict ADF PACMAN FA threshold test and regardless of the actual disabilities experienced by personnel. The Summary Matrix and the supporting materiel at annex B to the Report catalogues the actual living and working conditions, eating and leisure arrangements, facilities and services and hours of work in all AS troop locations across the MEAO. It is clear that, with a few exceptions, there is no justification under PACMAN FA regulations for these approvals to be maintained. Cognisant of the need for prior consultation with the three services it would be prudent to cease non-compliant approvals immediately.
4. Overall, it was determined that the routine use of FA benefits to make up for perceived shortfalls in ICA and warlike conditions of service (WCS) is neither fair nor reasonable, FA approvals are not being correctly administered and the employment of FA for this purpose is not in accordance with PACMAN regulations.
5. In mitigation of these findings, it has become clear that the application of FA in an operational context, against the criteria set out by ref C is characterised by ambiguity and inconsistency.
  - a. Ambiguity, because in the MEAO, conditions of service are categorised as ‘warlike service’ and the PACMAN FA definition of the threshold criterion ‘in the field’ (as the scene or area of active operations of, or pertaining to campaign and active service) has encouraged local commanders to adopt or retain a more liberal interpretation than appears to be fair and reasonable in comparison to the actual ‘living conditions’ experienced by ADF personnel.
  - b. Inconsistency, because the very nature of ref C requires the local commander to make an isolated judgement of absolute conditions on the ground, without the benefit of full knowledge of what has gone before, what has changed and what living conditions are being experienced elsewhere.
6. In the course of investigating this situation, two countervailing views were identified and these need to be reconciled as a matter of urgency:
  - a. that the combination of ICA payments and the benefits of WCS are adequate compensation for the rigours of operational service and that these ‘rigours’ include matters separately specified under the provisions of PACMAN being: living and

working conditions, eating and leisure arrangements, facilities and services and hours of work, or

- b. that the combination of ICA payments and the benefits of warlike conditions of service are not adequate compensation for the rigours of operational service and do not take into account the living and working condition disabilities specified by PACMAN.

7. If the former proposition is correct, there is no requirement to complement or supplement MEAO compensation arrangements, but, if the latter view prevails, there is a case to review the adequacy of these compensation arrangements. The widespread and routine approval of FA throughout the MEAO indicates that in the minds of successive local commanders and as implicitly condoned by the ADF chain of command, the latter view has prevailed. Following this logic it appears that FA has been used as a mechanism to provide additional benefits to compensate for perceived shortcomings in ICA and DCS. It is recommended that ICA, WCS and PACMAN FA provisions be revisited with two outcomes sought:

- a. the intent, purpose and make up of ICA and WCS be made clearer, including an indication as to what disabilities are covered and what ADF allowances are subsumed by these benefits, and
- b. ICA and WCS are reviewed in a transparent and timely manner and an assessment made to confirm that the benefits provided are adequate.

8. A second order issue for resolution is the requirement to identify situations where ADF personnel are exposed to operational rigours, living and working conditions that are demonstratively worse than those generally experienced elsewhere in the area of operations and then to have available, a clear policy instrument that enables these additional disabilities to be recognised and compensated in some manner. To this end, either:

- a. PACMAN FA provisions need to be re-written in conjunction with para 7a deliberations to ensure that use of FA benefits in an operational context are explicitly ruled in or out of command deliberations, and
- b. If PACMAN FA provisions are ruled out of contention, another mechanism is required to ensure that ADF personnel serving are compensated appropriately.

9. Routine and widespread approval of FA as a bona fide entitlement has now become entrenched and cessation of the allowance at any time is likely to result in a backlash from affected personnel and their families. If the proposition that FA entitlements should, with a small number of notable exceptions, cease immediately, the consequences are not clear. Perception is reality, and the 'inexplicable loss' of 15 –19% of monetary remuneration (depending on tour length and location between \$5,178 and \$9657) and the removal of between 23% and 47% of accrued leave entitlement (based on loss of 14 days FL) will not go unchallenged.

10. In the final analysis, there should be no doubt that ADF personnel serving on operations, sometimes for multiple tours and for increasing tour lengths in the MEAO are adequately compensated, absolutely in financial terms and other conditions of service benefits, but also in comparison to other nations' personnel and in relative terms to other ADF operations. However, the FA approval experience and the comments and attitude of deployed personnel indicate that this is not necessarily perceived to be the case.

AM100226

**CJOPS (thro' J1/4)**

## **MEAO FIELD ALLOWANCE REVIEW TEAM REPORT OF 16 JUN 09**

### **References:**

- A. HQJOC Signal TDS/IAA/WAS 080051Z Apr 09
- B. CJOPS Directive 3309 (F49521) of 6 May 09
- C. PACMAN Vol 1 Division 4: Field Allowance

### **Introduction**

1. With effect 8 Apr 09 (ref A) the delegation for the payment of Field Allowance (FA) on operations is CJOPS. In order for this delegation to be properly executed and in accordance with ref B, the FA Review Team was tasked to undertake a review of living and working conditions, eating and leisure arrangements, facilities and services and hours of work in all AS troop locations across the MEAO and make recommendations as to the application of the provisions of ref C.

### **Background**

2. Anecdotally, the application of FA in an operational context, against the criteria set out by ref C is characterised by ambiguity and inconsistency:

- a. Ambiguity, because in the MEAO, conditions of service are categorised as 'warlike service' the ref C definition of the threshold criterion as 'in the field' (as the scene or area of active operations of, or pertaining to campaign and active service) has encouraged local commanders to adopt or retain a more liberal interpretation than appears to be fair and reasonable in comparison to the actual 'living conditions' experienced by ADF personnel, and
- b. Inconsistency, because the very nature of ref C requires the local commander to make an isolated judgement of absolute conditions on the ground, without the benefit of full knowledge of what has gone before, what has changed and what living conditions are being experienced elsewhere.

3. Since the commencement of operations in the MEAO, assessments of FA entitlements do not appear to have taken account of recent and significant improvements in the provision of facilities and support infrastructure at temporary, semi-permanent and permanent bases where ADF personnel are located.

### **Purpose**

4. IAW ref B the purpose of the Review is to determine if the application of FA payments and the associated accrual of Field Leave (FL) throughout the MEAO is undertaken within the regulations set out by ref C and is fair and reasonable in the context of local living conditions now experienced by ADF personnel.

## Methodology

5. **Visits Program.** The Review Team undertook a program of visits across the MEAO from 10 – 29 May 09 and assessment of each location is valid as at the date visited. Command teams and other personnel at each location were briefed on the reasons for the review and contributed to the review outcomes. An assessment of living conditions at each location was made based on annex 4.3 to ref C and the Field Allowance Scoring Matrix (annex A) and the results tabulated and ranked in order of privation in the Living and Work Conditions Summary Matrix at annex B.

6. **Development of Living and Working Conditions Summary Matrix.** Living conditions at twenty-three AS troop locations were assessed on the basis of the ref C extracts at Annex A and commentary provided in the supporting appendices as to the living and working conditions at each location. Recommendations were then made as to FA eligibility based on the living conditions at each location and the rankings derived from the summary matrix. Empirical evidence of living and working conditions, eating and leisure arrangements, facilities and services in these locations was assembled from a combination of first hand knowledge and experience, interviews, briefings and contemporaneous notes, supported by photographs of facilities and services provided at each location. Two further locations accommodating ADF personnel (Forward Operating Base {FOB} Mitwais and the Combat Outpost {COP} Mashal) were not physically accessed because of time and space considerations but anecdotal evidence of living conditions was sought and the results included in the summary matrix.

## Key Issues

7. **In-Theatre Feedback on the FA Review.** As the FA Review progressed, it became apparent that there was general understanding, if not acceptance, that the across-the-board approval of FA payments across the MEAO is neither fair nor reasonable when set against the conditions of service package for warlike service or for the living and working conditions now prevailing throughout the theatre. It is also generally understood that if FA provisions were to be applied, approval should be reserved for locations or circumstances where there is a demonstrated need to compensate personnel for living and working conditions that fall significantly below the ADF 'norm'.

8. **Wider Implications of FA Approval/Cessation.** There is a discernable undercurrent of feeling or need for the delivery of sound leadership and firm direction in connection with the FA conundrum. Personnel were content to receive the benefits, assuming, quite reasonably, that the facts of the matter had been given proper consideration, that the implications, anomalies, costs and general imposts on Defence were known to senior leadership and therefore the FA payments were implicitly condoned.

**Comment.** The engagement of personnel and commanders on their views of FA issues and the closely related Nature of Service and medals entitlement issues, served in part to shape the perceptions and expectations of those presently in theatre. With the exception of commanders at all levels, many of those who made comment were partway through their tour and could adopt a relatively detached view of the situation, and perhaps confident that their tour would have been largely complete by the time any decision could be implemented.



However, FCU personnel who have just commenced an eight month deployment expressed deep concern about the prospect of a “triple whammy” (as one respondent remarked), being; cessation of FA payments and loss of leave, a reduction in conditions of service benefits from warlike to non-warlike, and unresolved medal entitlements.

MRTF2 (personnel strength of around 441), commenced its eight month tour after the Review Team’s departure; these personnel could not be engaged and would be especially affected by early cessation of FA and likely to be equally concerned about the prospect of hitherto, unexpected changes to remuneration and leave benefits that could arise from the NOS Review.

9. **Fiduciary Responsibilities and Accountability.** Notwithstanding the ambiguities and inconsistencies associated with application of FA policy, the financial and leave implications of FA eligibility are considerable. While CJOPS is responsible for implementation of personnel policy for ADF personnel deployed on operations, HQJOC is not accountable for the additional FA related expenditure on pay and conditions of service or for the leave overhang that develops arising from accrual of FL during operational service. These matters lie entirely with the services and while it is not clear how the flow-on financial implications and leave overhang associated with widespread and routine approval of FA in the MEAO have impacted on single service budgets and raise train and maintain functions, the lack of accountability and the failure to align these responsibilities appears to have contributed to the situation.

10. **FA Approval: Authorised Person.** The Review Team found that there is a significant lack of understanding amongst local commanders, past and present, as to their (former) FA approval obligations under ref C and generally a failure of higher command and staff to maintain oversight of payments and intervene appropriately. Prior to 8 Apr 09, ref C identified the delegate (or authorised person) for approval of FA as the Commanding Officer or Officer Commanding, not below the rank of MAJ(E) (para 4.1 of ref C). The base assumption being that the local commander is best placed to make the most appropriate decision based on his knowledge and understanding of ref C and his innate knowledge of the local living and working conditions.

- a. **Appointment of CJOPs as the FA Delegate.** The appointment of CJOPS as the delegate by CDF for all operations is intended to reduce ambiguity and facilitate consistency of FA entitlements against local living conditions and reported disability criteria. It also serves to remove a potential conflict of interest, whereby local commanders benefit from the award of Field Allowance without the requirement to seek approval from higher authority.
- b. **Objectivity and FA Decision-Making.** The development of a living and working conditions summary matrix is intended to inject a measure of objectivity into the FA decision making process by ranking ADF troop locations (broadly by disability) and further reduce ambiguity and inconsistency by enabling comparisons of living conditions and disabilities to be made within and between operations.

**Comment.** A recurring theme arising out of the review is that the assumption that the local commander is best placed to make FA approval decisions is flawed. FA decision making appears to have been characterised by lack of understanding of the provisions of ref C. The regulations themselves do not stand up well to scrutiny – and taken out of the

context of peacetime conditions, is too rigid, lack logic, and can be construed as contradictory.

While knowledge of local living and working conditions is useful, decisions taken in isolation, and carried on for months or years, without a relative or comparative analysis of conditions elsewhere, there is a tendency to overestimate the disabilities associated with local living and working conditions and overcompensate with a liberal interpretation of FA approval and thus the contagion spreads when other commanders follow suit to ensure their personnel are not disadvantaged.

If superior commanders or their staff are not alert to the ambiguities of FA policy interpretation and are unaware of inconsistencies in application within their own operations and between operations, command intervention is not possible and errors in FA approvals are perpetuated.

**11. FA Eligibility and the Threshold Criterion.** The Review Team found that Tier 2 FA is routinely paid in every location less Bahrain (where Travel Allowance is paid in addition to ICA and WCS) throughout the MEAO, in contravention of the strict ADF PACMAN FA threshold test. PACMAN FA provisions pre-date the present scale and magnitude of ADF commitments in the MEAO and around the globe. Anecdotal advice has it that the FA provisions, established by the DFRT in 1995, were originally intended to compensate ADF personnel for the privations and disabilities experienced by personnel training in Australia:

*for the requirement to live and work in uncomfortable conditions in the field as well as the curtailment of home contacts, inability to use leisure time effectively and the liability to work exceptionally long and irregular hours* ref C Para G 418

The threshold criterion set out in the determination to 'undertake duty and live in the field' is critical to the correct application of FA approvals. 'Live' is defined as 'members are working, eating and sleeping in an outdoor, open air, natural environment'. Once this criterion has been met, authorised personnel are required to make further judgements on the actual nature of the living conditions under six areas of disability: living and working conditions, eating and leisure arrangements, facilities and services and hours of work. However, if personnel are not demonstratively meeting the FA threshold criteria, then the authorised person has no authority to approve payment of FA.

- a. **Eligibility for Tier 1 FA.** There are frequent requirements for ADF personnel to regularly undertake duties outside of established camps and facilities and providing the threshold criterion and the base qualifying period are met, then the provisions of para 3 of ref C can be enacted. Tier 1 approvals do not represent quite the challenge because the number of personnel involved is smaller and the definition slightly clearer. But Tier 1 approvals that do not meet the strict PACMAN FA threshold test have been applied to personnel stationed in AFG temporary camps (operating bases) in recognition of the comparatively poorer living and working conditions experienced by other personnel in the area.
- b. **CDF Exceptional Powers.** In six locations - (Serials 20 through to 25 of Annex B) although the prescribed threshold criterion was not met, the living and working conditions were assessed to be so far removed from those

experienced by other ADF personnel (severe deficiencies in support infrastructure and facilities, working hours, exposure to inclement and extreme weather and isolation) that it would be prudent to seek CDF approval of Tier 2 FA (under para 4.1 of ref C for exceptional circumstances) for the duration of deployment in those locations,.

**Comment.** The FA review determined that throughout the MEAO, the living and working conditions of all AS personnel are generally characterised by the routine occupation of purpose built temporary, semi-permanent or permanent camp facilities of varying standards.

Since MEAO operations commenced, considerable resources have been expended to establish or improve the living and working conditions at every location where ADF personnel are based. For all locations these improvements have been incremental and in some cases, both recent and substantial.

When personnel occupy such facilities, the FA threshold criterion has not been met and such personnel are ineligible for FA benefits. If the present structure of FA approvals is retained, where there is a demonstrated need to compensate personnel for living and working conditions that fall significantly below the ADF 'norm', consideration should be given to extending CDF's 4.1 'exceptional circumstance' powers to CJOPS until the situation is improved.

**12. Field Allowance in the Operational Context.** The Review Team found that the practical application of FA in an operational context, against the criteria set out by ref C is difficult and characterised by ambiguity and inconsistency. Repeated failure by individual local commanders and their command chains throughout the MEAO to identify and apply the basic FA threshold test can, in part, be attributed to a mistaken reliance on repeated references throughout ref C to 'operations' and 'active campaigning':

- a. **Peacetime Training Focus.** The original FA determination appears to have been based on peacetime training conditions and founded on the absence of any other monetary or leave provisions being available to compensate for the uncomfortable conditions of field service and associated disabilities levels stipulated by ref C.
- b. **Link to Operations.** In order to facilitate correct interpretation of FA provisions under peacetime conditions, a number of explanatory notes were developed and inserted into ref C (introduced in 2005 in an attempt to clarify the FA approval in the overseas operational context); uncertainty over the definition of 'Field Service' which during peacetime training is likened to 'the scene or area of active military operations' and then described as 'akin to active campaigning', (respectively Paras G4.19, G4.20 and G4.21 of Ref C) served to strengthen the link of FA eligibility with warlike operational service such as that undertaken within all operations being conducted in the Middle East and Asia.

**Comment.** Because the intent of FA provisions is not clear, even a forensic examination of the regulations and wording serves to intensify the ambiguity and inconsistencies. It is thus reasonable to infer that the ref C policy amplifications have, in part, contributed to the present misapprehension pervasive throughout the MEAO, that FA eligibility is

primarily founded on the link with active military operations and active campaigning, rather than the threshold criterion to be actually living in the field.

Arising from these issues is a lack of transparency and understanding as to exactly what ICA and warlike conditions is intended to compensate for and their adequacy in absolute and relative terms. It remains unclear how any assessment of disabilities stemming from threats related to the operational and military environments are translated into monetary figures and leave allowances.

Even more opaque, is any relationship between ICA and Warlike conditions of service and the living and working conditions and full array of 'disabilities' that FA purports to cover.

**13. Reconciling FA and ADF ICA WCS Provisions.** The Review Team found that ADF policy on the use of FA approvals to complement and supplement International Campaign allowance (ICA) and WCS to be significantly lacking in clarity and that this lack of clarity has contributed to the incorrect application of ref C provisions. In the course of investigating this situation, two countervailing views were identified and these need to be reconciled as a matter of urgency:

- a. that the combination of ICA payments and the benefits of WCS are adequate compensation for the rigours of operational service and that these 'rigours' include matters separately specified under the provisions of PACMAN being: living and working conditions, eating and leisure arrangements, facilities and services and hours of work, or
- b. that the combination of ICA payments and the benefits of warlike conditions of service are not adequate compensation for the rigours of operational service and do not take into account the living and working condition disabilities specified by PACMAN.

If the former proposition is correct, there is no requirement to complement or supplement MEAO compensation arrangements, but if the latter view prevails, there is a case to review the adequacy of these compensation arrangements. The widespread and routine approval of FA throughout the MEAO indicates that in the minds of successive local commanders and implicitly condoned by the ADF chain of command, the latter view has prevailed. Following this logic it appears that FA has been used as a mechanism to provide additional benefits to compensate for perceived shortcomings in ICA and WCS. In hindsight, given the ambiguities of applying the specific FA provisions in an operational context, it now appears possible that FA was not intended to be used to complement or supplement the ADF Warlike Conditions of Service Package. If so, this intent has never been made clear.

**14. East Timor Peace Enforcement Allowance (ETPEA) Precedent.** The ETPEA determination is offered as a historical precedent to amplify the present FA and ICA/WCS reconciliation difficulties:

- a. **ETPEA and Status of Other ADF Allowances.** The inception of the East Timor Warlike WCS package 1999 and the payment of ETPEA was intended to compensate ADF personnel for the general disabilities and privations of overseas operational service in a warlike environment – in other words, a

daily rate of compensation for the hazards arising from the environmental and military threats determined or identified at the time. Under various operations, service in East Timor attracted **ETPEA** at a rate of \$125 per day – a rate that specifically excluded entitlement to additional daily rates of monetary remuneration arising from other ADF conditions of service allowances such as deployment, separation, hard lying and field allowance entitlements. This specific exclusion reasonably implies that the rate of ETPEA and the overall WCS package also compensated for the rigours of field service, or in FA terms:

*for the requirement to live and work in uncomfortable conditions in the field as well as the curtailment of home contacts, inability to use leisure time effectively and the liability to work exceptionally long and irregular hours.*  
ref C Para G 418.

- b. **ETPEA and Eligibility for FL Accrual.** Personnel force-assigned to operations in East Timor and serving in the West of that country (not serving in Dili) were deemed automatically to be in the field and did benefit from ref C FA FL. Then, as now, accrued leave post deployment attracted the full daily rate of ICA for each accrued day; paid out, tax free, irrespective of leave actually taken. The benefits of leave accrued during an operational deployment are enhanced further by an uplift of two additional days leave for every 5 days accrued and this valuable concession was delivered without the employment of the ref C threshold criterion.

15. **MEAO ICA and Entitlements to other ADF Allowances.** Conditions of Service packages for MEAO operations make specific reference to entitlement to other ADF allowances as applicable, giving rise to the implication that FA can be considered as a reasonable mechanism for use in an operational context to complement and supplement other conditions of service. Not surprisingly then, this device has been employed widely where a local commander perceives his troops' local living and working conditions as imposing disabilities over and above those experienced elsewhere. Because the very nature of ref C requires the local commander to make an isolated judgement of absolute conditions on the ground, this has led to the widespread application of Tier 2 FA on throughout the MEAO.

**Comment.** Commanders at all levels, past and present have repeatedly raised the above anomalies as evidence of the ambiguities, confusion and difficulties surrounding the effective and consistent application of FA provisions. It is assessed that this lack of policy clarity has contributed significantly to the present situation whereby FA tier 2 approval throughout the MEAO has become the norm.

There is also a strong belief amongst respondents of all ranks that the monetary value of ICA has been steadily eroded by inflation since MEAO operations commenced and should be indexed against cost of living increases as is the case with deployment allowance payments for non-warlike operations.

There is a widespread and entrenched perception that the present BRL / WSL rates of accrual are inadequate compensation for the unrelenting demands of operational service and lengthy deployments of six months and more. In this context a number of personnel made particular reference to the number of 'lost' weekend days (32, 48 and 64 days

respectively for four, six and eight month tours respectively). Again there is a consistent implication that FA has been employed as an additional mechanism by which personnel have been compensated for perceived shortcomings in both the value of ICA and operational leave provisions.

There were strong concerns voiced by commanders at all levels and ADF personnel generally, that whatever the validity of FA approvals its cessation would be interpreted as a particularly onerous outcome.

**16. Monetary and Leave Benefits of FA Approval.** The Review Team found that routine and widespread approval of FA confers significant monetary and leave benefits on deployed personnel.

- a. **Monetary Benefits.** Table 1 at annex C depicts the benefits of FA to personnel by location and tour length. In summary, the monetary benefits of FA at Tier 2 range from a low of \$5,178 tax free for an individual on a four month tour in the wider middle east (ICA of \$125 per day: Table 1 Serial 7 column (j)) to a tax free payment of \$9,657 for an individual employed on an eight month tour in Afghanistan (ICA of \$200 per day Table 1 Serial 3 Column (j)).
- b. **FL Benefits.** For accrued FL, individuals would also be entitled to ten days of additional ICA and tax-free salary paid irrespective of the leave actually being taken – these ten days then translates into a total entitlement of fourteen days (Table 3 Serial 4 Columns (b) and (d)). The additional four days FL is paid out at the full tax free ICA rate but does not attract tax free salary payments. All untaken leave is added to the individuals existing balance, further contributing to the services' leave overhang.

**Comment.** Once FA is approved, FL accrues at a rapid short term rate of one day for every ten days of eligible FA service. FL is capped at a maximum of ten days in any single leave year (deemed to commence on 1 Jul and end on 30 Jun but if a deployment straddles two leave years, up to 20 days of FL entitlement is possible. Conversely, an individual who has already exhausted a FL entitlement in Australia before deployment will receive none of the deployment related benefits of the FL.

Payment of FA has historically been associated with training exercises of relatively short in duration, typically weeks rather than months. And in this context, once the initial 48 hour qualifying period was met, the short-term rate of FL accrual (one days FL for every 10) was appropriate. If FA is to be applied successfully to long-term operational deployments in its present form, consideration should be given to use of the long term rate of FL accrual which is half that of the short term rate.

**17. Field Allowance Inconsistencies and Anomalies.** While the routine and widespread approval of FA throughout the MEAO has conferred significant benefits to deployed personnel, the present FA construct and qualifying criteria has itself perpetrated significant inconsistencies and anomalies that produce outcomes that are neither fair nor equitable. Generally, under present FA qualification arrangements, an individual can expect to accrue a maximum of 10 days field leave during any operation in the MEAO in excess of 100 days or four months. However, under certain conditions this can vary significantly:

- a. **Pre-Deployment Field Service.** Personnel, mainly formed body personnel who engage in pre-deployment field training activities, can quickly use up their ‘allocation’ of Field Leave and thus be unable to benefit from the considerable financial and non financial benefits of ICA and tax free payments associated with leave accrued under warlike conditions of service.
- b. **Operational Service Over Two Leave Years.** In stark contrast, personnel not required to undertake field training prior to a deployment that straddles two leave years will (perversely) accrue an entitlement to 20 days field leave which is paid out on the basis of 28 days tax free ICA at the highest entitled rate.

**Comment.** FL is characterised by inconsistencies and inequity primarily wrought by the PACMAN provisions that restrict accrual to a maximum of 10 days in any leave year. The widespread and routine approval of FA in an operational context raises questions of fairness and equity – the FA FL accrual rules primarily disadvantage units deploying as formed bodies. Pre-deployment training invariably requires field service (in the peacetime context) and personnel frequently ‘use up’ their FL quota in AS and therefore do not benefit from the ICA financial ICA and tax free advantages from having accrued the leave on operations.

While most personnel will qualify for around 10 days FL, there are significant numbers of personnel – many of whom are individual staff rotations, who reap much larger financial and leave benefits simply by virtue of tour dates straddling two leave years. This anomaly is widely known and was a frequent topic of discussion.

**18. Implications Arising from Cessation of FA.** Routine and widespread approval of FA as a bona fide entitlement has now become entrenched and cessation of the allowance at any time is likely to result in a backlash from affected personnel and their families:

- a. **Monetary Implications.** Figures drawn from Table 1 at annex C, shows that cessation of FA would have the effect of significantly reducing the tax free sums of the above example deployments by a factor of around 15% to 24% respectively (between \$5,178 and \$9,657 from Table 1 Serials 3 and 7 Column (k)).
- b. **Leave Impact.** The leave impact would represent entitlement reduction of around 23% and 47% for the two example deployments (a loss of 14 days from Table 3 Serial 6 Columns (b) and (d)). Loss of FA leave provisions (as opposed to the daily rate of Tier 2 FA) was frequently raised as a matter of high concern. Noting that operational service does not attract eligibility for accrual of ERL, respondents implied that once mandated post operations leave had been taken (consuming the balance of accrued BRL and WSL), there would be insufficient leave later in the year to meet family and other requirements.

**Comment.** Cessation of FA approval throughout the MEAO is likely to provoke a backlash from service personnel who will perceive the decision as an erosion of conditions of service and may well have a deleterious effect on the propensity of ADF personnel to serve overseas for repeated tours of duty. The consequences of cessation are not entirely clear; personnel undertake operational service for a wide range of reasons but

financial and leave benefits are important considerations. The timing, amount of notice and the means of communicating changes to conditions of service are almost as important in terms of perception management. If the matter is not handled with sensitivity, there may be a flow-on effect for the services, impacting on their ability to meet their operational manning liabilities and capability obligations.

Of equal concern is the likelihood, similar to the Op ANODE situation and minor operations in the ME and Africa, of increased ministerial correspondence on the matter as spouses and relatives question cessation of FA. On the issue of losing FL entitlements, it is not clear if the concerns are actually centred on the leave days themselves or on the associated and accompanying ICA and tax free remuneration.

If early cessation of FA approvals in the MEAO is contemplated, and noting that operational service does not attract ERL consideration; there was suggestion for use of short leave as a mitigating transitional arrangement to grant up to five days short leave as part of ROCL, a while the wider conditions of service implications of this Review are considered by ADF. Normally short leave is only considered appropriate when other forms of leave are not available but the suggestion should be borne in mind. The benefits of this course of action would only apply to personnel with a ROCTFA entitlement but if adopted, could take some of the short term 'sting' out of ceasing FA in the MEAO altogether. The short leave delegation already lies with commanding officers but would require a theatre wide application to represent an effective response to a cessation of FA.

## **Conclusions**

19. The appointment of CJOPS as the delegate for approval of FA provides an opportunity to grip up a situation that, characterised by ambiguity and inconsistency, has led to unfairness and inequitable outcomes – not only within theatres and operations, but also between theatres and operations. The Review found that Tier 2 FA is routinely paid in every location throughout the MEAO, in contravention of the strict ADF PACMAN FA threshold test. It is clear that, with a few exceptions, there is no justification for these approvals.

20. Comment was raised about the relative level of ICA – the perception being that it has not been increased for a number of years and has lost ground to inflation and other cost of living increases – and the adequacy of operations leave provisions which were frequently described as inadequate.

21. Routine and widespread approval of FA as a bona fide entitlement has now become entrenched and cessation of the allowance is likely to provoke a backlash from service personnel who will perceive the decision as an erosion of conditions of service and may well have a deleterious effect on the propensity of ADF personnel to serve overseas for repeated tours of duty.

22. If the proposition that FA entitlements should, with a small number of notable exceptions, cease immediately, the consequences are not clear. Perception is reality, and the 'inexplicable' loss of 15 –19% of monetary remuneration (depending on tour length and location between \$5,178 and \$9657) and the removal of between 23% and 47% of accrued leave entitlement (based on loss of 14 days FL) will not go unchallenged.



23. The review of FA approvals in the MEAO should be read in the context and against the backdrop of a MEAO Nature of Service Review (NOSR) currently in progress. It is widely believed that the NOSR has the potential to change the Conditions of Service from Warlike to Non-warlike and thereby reduce the financial and leave benefits of operational service in the MEAO. Recent changes to operations architecture has resulted in uncertainty as to medal entitlements, especially in the wider MEAO. A key Review finding – that Tier 2 FA is routinely paid in every location throughout the MEAO, in contravention of the strict ADF PACMAN FA threshold test needs to be put fully into the context of operational service in the MEAO and drawing from the body of the Report, there are a number of key factors that have contributed to the continued approval of FA despite the threshold test not having been met.

- a. **Comparative Assessments and Inconsistencies.** Delegation to the local commander has ensured that decisions are made on a local basis without adequate opportunity to consult with other remote commanders or conduct comparative assessments. The ‘local’ nature of the FA approval process has provided little or no imperative to refer FA approval decision to the chain of command responsible for consistency within operations or within the theatre and thus limited the opportunity for command intervention to remedy errors.
- b. **Custom and Practice.** The relatively short tour durations of ADF units and their local commanders, coupled with equally short HQ staff and command rotations (personnel churn) have conspired to ensure that those in command, with what is assumed to be the most up-to-date and accurate knowledge of local conditions, do not in fact have full knowledge of what has gone on before and why and are not in the best position to challenge previous decisions – it takes a brave and confident commander to unilaterally overturn a decisions made by multiple predecessors.

24. **Findings.** The Review Team found that:

- a. there is a significant lack of understanding amongst local commanders, past and present, as to their (former) FA approval obligations under ref C and generally a failure of higher command staff to maintain oversight of payments and intervene appropriately.
- b. Tier 2 FA is routinely paid in every location throughout the MEAO less Bahrain), in contravention of the strict ADF PACMAN FA threshold test.
- c. the practical application of FA in an operational context, against the criteria set out by ref C is difficult and characterised by ambiguity and inconsistency.
- d. ADF policy on the use of FA approvals to complement and supplement ICA and warlike conditions of service is significantly lacking in clarity and that this has contributed to the incorrect application of ref C provisions.
- e. routine and widespread approval of FA confers significant monetary and leave benefits to deployed personnel.

- f. routine and widespread approval of FA as a bona fide entitlement has now become entrenched and cessation of the allowance at any time is likely to result in a backlash from affected personnel and their families.

## **Recommendations**

### **25. It is recommended that:**

- a. The following short term measures be immediately adopted:
  - (1) routine and widespread approval of FA throughout the MEAO cease - consultation with the service chiefs should be undertaken if this has not already occurred;
  - (2) FA approval be given to those locations specified in annex B;
  - (3) CDF's ref C 4.1 exceptional powers to be delegated to CJOPS;
  - (4) consideration be given to the directed use of short leave for ROCL, as a transitional measure to mitigate the removal of eligibility for FL;
  - (5) a FA matrix summary ranking living and working conditions at ADF troop locations be established for all operations;
  - (6) eligibility for initiation of all new FA approvals be tested and compared against the FA matrix summary; and
  - (7) where FA approval is given, local commanders should be required to review the reported disabilities on a regular basis (at intervals no longer than six months) and seek approval for FA continuance from CJOPS, through the chain of command using the Field Scoring Matrix certification at Annex 4.3B to ref C.
- b. The following be raised for urgent ADF policy action:
  - (1) ICA, WCS and PACMAN FA provisions be revisited with two outcomes sought:
    - (a) the intent, purpose and make up of ICA and WCS be made clearer, including an indication as to what disabilities are covered and a what ADF allowances are subsumed by these benefits, and
    - (b) ICA and WCS are reviewed in a transparent and timely manner and an assessment made to confirm that the benefits provided are adequate.
- c. PACMAN FA provisions to be re-written in conjunction with ICA and WCS deliberations to ensure that:
  - (1) use of FA benefits in an operational context are explicitly ruled in or out of command deliberations, and

- (2) if PACMAN FA provisions are ruled out of contention, another mechanism is required to ensure that ADF personnel serving are compensated appropriately.
- d. six monthly reviews of ICA are undertaken in a timely and transparent manner;
- e. policy guidance is sought on the approval and payment of FA in the operational context. In particular consideration should be given to;
  - (1) a re-write of ref C provisions accordingly to clarify if ICA and Warlike Service conditions already subsume or make provision for living and working conditions and associated 'disabilities;
  - (2) investigation of an additional disability allowance if FA is deemed not an appropriate mechanism for use in an operational context, to compensate for living and working conditions that fall significantly below an assessed norm, and
  - (3) determining what disabilities should attract additional compensation;

S47

LTCOL

Reviewing Officer

Tel: (02) S47

Jun 09

**Annexes:**

- A. FA Scoring Matrix Summary
- B. MEAO Living and Working Conditions Summary
- C. Monetary and Leave Benefits of FA on Operations

**Enclosure:**

- 1. CJOPS Directive 33/09 for the MEAO Field Allowance (FA) Review Team

**ANNEX B TO  
MEAO FIELD ALLOWANCE (FA) REVIEW REPORT  
DATED 16 JUN 09**

Serial	Country	Location	Camp Area	Unit	Eligibility for Field Conditions	FA Tier	Disability						
							Living Condition s	Working Conditions	Eating Arrange- ments	Leisure	Facilities and/or services	Hours of Work	Remarks
	(a)	(b)	(c )	(d)	(f)	(g)	(h)	(l)	(j)	(k)	(l)	(m)	(n)
1	Bahrain	Bahrain	Residence	LSE	No	Nil	Fixed	Normal	Fixed	Normal	Full	Normal	LSE, DSTO, Embeds
2	KUW	AAS	Billabong Flats	FSU - K	No	Nil	Fixed	Normal	Fixed	Normal	Full	Extended	FCU, MC Det, RSO&I
3	QATAR	Al Udied	Al Udied	633.14 &.2	No	Nil	Fixed	Normal	Fixed	Normal	Full	Extended	CSU,Embeds, FCU, JTF
4	QATAR	Al Udied	Al Udied	633.2.3	No	Nil	Fixed	Adverse	Fixed	Normal	Full	Extended	C130 Maintainers
5	AFG	Kabul	AS House	HQ - A	No	Nil	Fixed	Normal	Fixed	Normal	Full	Extended	
6	AFG	Kabul	HQ ISAF	Embeds	No	Nil	Fixed	Normal	Fixed	Normal	Full	Extended	
7	AFG	KAF	Camp Baker	FSU - A	No	Nil	Fixed	Normal	Fixed	Normal	Full	Extended	FCU, EMBEDS
8	AFG	KAF	Camp Baker	RWG	No	Nil	Fixed	Adverse	Fixed	Normal	Full	Extended	Chinook maintainers
9	AFG	KAF	Camp Baker	SOTG	No	Nil	Fixed	Normal	Fixed	Normal	Full	Extreme	
10	UAE	AMAB	AMAB	HQ JTF 63	No	Nil	Fixed	Normal	Fixed	Normal	Full	Extended	JMCC, FCU
11	UAE	AMAB	AMAB	633.2.4	No	Nil	Fixed	Adverse	Fixed	Normal	Full	Extended	PC3 Maintainers
12	IRAQ	Baghdad	Camp Victory	Embeds	No	Nil	Fixed	Normal	Fixed	Normal	Full	Extended	
13	AFG	TK	Camp Russell	SOTG	No	Nil	Fixed	Normal	Fixed	Normal	Full	Extreme	
14	AFG	TK	Camp Holland	MRTF	No	Nil	Fixed	Normal	Fixed	Normal	Full	Extended	UAV, FSU, MC Det
15	AFG	Bagram	BAF	Embeds	No	Nil	Fixed	Normal	Fixed	Normal	Full	Extended	TCD
16	AFG	Baghdad	Anzac Cove	SECDET	No	Nil	Fixed	Normal	Fixed	Normal	Full	Extended	SECDET & FCU
17	AFG	Baghdad	Embassy	SECDET	No	Nil	Fixed	Normal	Fixed	Normal	Full	Extended	
18	AFG	KAF	Camp Palomir	CRC	No	Nil	Temporary	Normal	Fixed	Normal	Full	Extended	Eating Arrangements are marginal Fixed
19	KUW	AAS	Camp Beuring	FIT/FET/FB	No	Nil	Temporary	Normal	Fixed	Limited	Full	Extended	FIT/FET/FB
20	AFG	URIZGAN	FOB Mittwais	MRTF	Yes	Two	Temporary	Extreme	Temporary	Limited	Limited	Extended	Not reviewed
21	AFG	URIZGAN	PB Qudus	MRTF	Yes	Two	Temporary	Extreme	Temporary	Limited	Limited	Extended	
22	AFG	HELMAND	FOB Armadillo	40 Fd Reg	Yes	Two	Temporary	Extreme	Temporary	Limited	Limited	Extended	Op Herrick
23	AFG	URIZGAN	COP Mashal	MRTF	Yes	Two	Temporary	Extreme	Temporary	Limited	Limited	Extended	Not reviewed
24	AFG	URIZGAN	COP Bumen	MRTF	Yes	Two	Temporary	Extreme	Temporary	Limited	Limited	Extended	
25	AFG	URIZGAN	COP Atiq	MRTF	Yes	Two	Temporary	Extreme	Temporary	Limited	Unavailab	Extended	

**Appendices:**

1	FA Scoring Matrix	Bahrain	Bahrain	<b>Residence</b>	
2	FA Scoring Matrix	KUW	AAS	<b>Billabong Flats</b>	
3	FA Scoring Matrix	QATAR	Al Udied	<b>Al Udied</b>	
4	FA Scoring Matrix	AFG	Kabul	<b>AS House</b>	
5	FA Scoring Matrix	AFG	Kabul	<b>HQ ISAF</b>	
6	FA Scoring Matrix	AFG	KAF	<b>Camp Baker</b>	
7	FA Scoring Matrix	UAE	AMAB	<b>AMAB</b>	
8	FA Scoring Matrix	IRAQ	Baghdad	<b>Camp Victory</b>	
9	FA Scoring Matrix	AFG	TK	<b>Camp Russell</b>	

11	FA Scoring Matrix	AFG	Bagram	<b>BAF</b>	
12	FA Scoring Matrix	AFG	Baghdad	<b>Anzac Cove</b>	
13	FA Scoring Matrix	AFG	Baghdad	<b>Embassy</b>	
14	FA Scoring Matrix	AFG	KAF	<b>Camp Palomino</b>	
15	FA Scoring Matrix	KUW	AAS	<b>Camp Beuring</b>	
16	FA Scoring Matrix	AFG	URIZGAN	<b>PB Qudus</b>	
17	FA Scoring Matrix	AFG	HELMAND	<b>FOB Armadillo</b>	
18	FA Scoring Matrix	AFG	URIZGAN	<b>COP Bumen</b>	
19	FA Scoring Matrix	AFG	URIZGAN	<b>COP Atiq</b>	

10	FA Scoring Matrix	AFG	TK	Camp Holland						
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AM100253

Tier one

Tier two

No Entitlement

Item 1 Serial 3 - FOI 051/17/18

## ANNEX C TO

## MEAO FIELD ALLOWANCE (FA) REVIEW REPORT

DATED 16 JUN 09

Table 1: Monetary Benefits of Warlike MEAO Service

		Serial	ICA Rate Location		Tour Length in Days	ICA Benefit	BRL (1)	WSL (1)	FL (2)	Tier 2 FA Daily Rate (1)	Total during Tour	Total Fd Allowance \$ Benefit	Fd Allowance as % of Tour Total
			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
125	17%	1	AFG	\$200.00	120	\$24,000	\$1,400	\$1,200	\$2,800	\$3,428	\$32,828	\$6,228	19%
		2			180	\$36,000	\$2,000	\$1,800	\$2,800	\$5,143	\$47,743	\$7,943	17%
		3			240	\$48,000	\$2,600	\$2,400	\$2,800	\$6,857	\$62,657	\$9,657	15%
150	25%												
		4	IRAQ	\$150.00	120	\$18,000	\$1,050	\$900	\$2,100	\$3,428	\$25,478	\$5,528	22%
		5			180	\$27,000	\$1,500	\$1,350	\$2,100	\$5,143	\$37,093	\$7,243	20%
200		6			240	\$36,000	\$1,950	\$1,800	\$2,100	\$6,857	\$48,707	\$8,957	18%
10.8		7	Wider ME	\$125.00	120	\$15,000	\$875	\$750	\$1,750	\$3,428	\$21,803	\$5,178	24%
		8			180	\$22,500	\$1,250	\$1,125	\$1,750	\$5,143	\$31,768	\$6,893	22%
		9			240	\$30,000	\$1,625	\$1,500	\$1,750	\$6,857	\$41,732	\$8,607	21%

Table 2: FA Daily Rates

Serial	FA Tier	FA Daily Rate	Tour Length (days)	Total Benefit
1	Tier 1	\$48.53	120	\$5,824
2			180	\$8,735
3			240	\$11,647
4	Tier 2	\$28.57	120	\$3,428
5			180	\$5,143
6			240	\$6,857

Table 3 Leave Accrual (incl seven day uplift factors)

		Tour Length			
	(a)	(b)	(c)	(d)	(e)
Serial	Leave Type	4 Months	6 Months	8 Month	Remarks
1	BRL	7	10	13	Incl uplift
2	WSL	6	9	12	Incl uplift
3	Subtotal	17	25	35	
4	Fd Leave	14	14	14	Incl uplift
5	Total	30	44	60	
6	FL as % of Total	47%	32%	23%	

Table 6: Daily Separation Rate

Separation	\$7.38	120	\$886
		180	\$1,328
		240	\$1,771

Table 4: Leave Calculator

Serial	BRL Accrual	Months	Leave
1	1.67	8	13
2	WSL Accrual		
3	0.0493	120	6
W/E days lost	4 Months	6 Months	8 Months
	32	48	64
	30	44	60

Serials Table 5: ICA &amp; Fd Leave Benefit Paid Out

Serials	ICA 1			
1	ICA 1		14	\$2,800
2			28	\$5,600
3	ICA 2		14	\$2,100
4			28	\$4,200
5	ICA 3		14	\$1,750
6			26	\$3,250

Table 7: WSL Accrual

	120	6
0.0493	180	9
	240	12



CHIEF OF JOINT OPERATIONS  
Headquarters Joint Operations Command  
**MINUTE**

F138640

**CDF**

**For information:**  
HMSC

**PAYMENT OF FIELD ALLOWANCE ON OPERATIONS**

**References:**

- A. CJOPS Decision Brief for CDF *Payment of Field Allowance on Operations* (C1449511) dated 20 Aug 09
- B. Field Allowance MINSUB B1183319 CDF/OUT/2009/987 of 17 Nov 09

1. The purpose of this minute is to seek your review of my decision to cease payment of Field Allowance (FA) to most deployed locations due to improvements in living and working conditions. In addition I wish to advise you of two changes to the information I provided at reference A.

2. Reference A notified you of my intention to cease widespread payment of FA for operations in the MEAO, Afghanistan, East Timor and the Solomon Islands. You agreed with this intention with the caveats that we discuss the timing, that those affected are educated regarding the change and that the Ministers are informed. Reference B was prepared to fulfil the latter task.

3. My decision to cease payment of FA at most operational locations was reached following consideration of the evidence presented at enclosure 1, which includes:

- a. an overview of the methodology used during the FA review;
- b. the written assessment made by the review teams at each location, supported by photographic evidence;
- c. a summary of the findings by operation and location;
- d. a summary of the estimated financial impact on individuals whose eligibility for FA will cease; and
- e. a summary of the infrastructure expenditure by operation and location over the last two years.

4. I seek your review of my decision to cease payment of FA to the locations summarised at annex A to enclosure 1.

5. Subsequent to my advice to you at reference A, the following further amendments to FA are intended:

- a. Op ANODE. The Rove OP site has been reviewed by Commander CTF635 and

[REDACTED]

the FA eligibility will be reduced from Tier 1 to Tier 2.

- b. OP ASTUTE. Recent installation of purpose built air conditioned accommodation huts at the TLAG APOD has meant that personnel at this location are no longer eligible for FA.

6. The difficulty experienced in addressing this issue highlights the need for a reassessment of how the ADF compensates personnel for living and working in an operational environment, as this is not adequately addressed within PACMAN.



**M. EVANS**  
LTGEN  
CJOPS

Tel: (02) [REDACTED] S47

30 Nov-09

**Enclosure:**

1. HQJOC minute F143538 of 25 Nov 09





CHIEF OF JOINT OPERATIONS  
Headquarters Joint Operations Command

MINUTE

F143538

CJOPS

FIELD ALLOWANCE REVIEW

References:

- A. CJOPS Directive 3309 of 6 May 09
- B. CJOPS Directive 4409 of 25 May 09
- C. PACMAN Volume 1 Division 4: Field Allowance
- D. *Financial Management and Accountability Act 1997*
- E. HQJOC Decision Brief for CDF (C1449511) dated 20 Aug 09 (attached at annex D)

1. You assumed the delegation for approval of Field Allowance (FA) payments from CDF with effect from 08 Apr 09. Subsequently, at references A and B, you directed a review of ADF living and working conditions at deployed locations to determine whether the payment of FA was fair, reasonable and in accordance with the provisions of references C and D. As a result of the findings of the review, you advised CDF of your intention to cease FA payments at reference E.

Methodology

2. The review teams undertook a program of visits across the MEAO, Afghanistan, East Timor and Solomon Islands areas of operation over the period 10 May to 26 Jun 09. An assessment of living and working conditions at each location was made, based on 'living in the field' threshold criteria and the designated disability categories set out at reference C. A standard template assessment form was filled out by the review team at each location and photographic evidence taken to support the assessment.

3. The summary table of each assessment by operation and location is at annex A. The serial number for each location in the first column of annex A corresponds to the assessment form and photographs at tabs 1 to 33 of annex C. With the exception of two forward operating base locations in the MEAO, assessments were based on first hand observations of S47 for the MEAO, and S47 for OP ASTUTE and OP ANODE.

Key Outcomes

4. **Current Situation.** The review determined that a minimum Tier 2 FA is routinely paid in every established base location in the MEAO, Afghanistan and East Timor irrespective of local living and working conditions. Only in the Solomon Islands were the provisions of reference C being correctly applied and administered.

5. **Financial Impacts of FA Cessation.** The financial impact on individuals of ceasing FA payments is shown by operation at table 2 to annex B.

6. **Improvements in Living and Working Conditions.** The review team reported that FA

[REDACTED]

approvals had not been brought into line with significant improvements to living and working conditions. A summary of infrastructure expenditure by operation and location over the last two years is at table 3 to annex B. The photographic evidence at annex C substantiates these improvements.

7. **Consultation and Feedback.** At every location visited, review team members briefed available personnel on the purpose of the review and the potential outcomes. The discussions were characterised by ambiguity over the eligibility criteria set out in PACMAN FA regulations, their relevance to operations and relationship of the 'disability' criteria to the monetary components of ICA and DA. The review team met with general acknowledgement from deployed personnel that the entitlement to FA was not justified.

8. **Review Findings.** Following return of the review teams to Australia and review of the evidence collected, you advised CDF at reference E of your intention to cease payment of FA to most deployed locations.

### Summary

9. The review found that, with few exceptions, there was no entitlement for the payment of FA and that the allowance has been poorly administered.

S47

[REDACTED]

A. SIMS

for BRIG AOB  
DGSPT

Tel: (02) S47

[REDACTED]

25 Nov-09

### Annexes:

- A. Summary of FA Assessments by Operation and Location
  - B. Field Allowance Summary Tables
    - Table 1. Future Costs of FA Payments
    - Table 2. Financial Impact on Individuals of FA Cessation
    - Table 3. Infrastructure Expenditure by Operation and Location Over the Last Two Years
  - C. Field Allowance Scoring Sheets and Supporting Photographs
  - D. HQJOC Decision Brief for CDF *Payment of Field Allowance on Operations* (C1449511) dated 20 Aug 09
- [REDACTED]



EXEC SR	17
Book: 36	
Serial No: 367	
Copy No: 1	
SEC(S)/IN/2010/61	

**Minute**Chief of the  
Defence Force

CDF(S)/OUT/2010/78

See distribution

*Mahesh Dhar***FIELD ALLOWANCE REVIEW****References:**

- A. CJOPS Minute f138640 dated 30 Nov 09
- B. DFRT Determination No.14 of 1995
- C. MINSUB CDF(S)/OUT/2010/8 dated 8 Jan 10

1. At reference A, you requested that I review your decision to cease payment of Field Allowance (FA) to most deployed locations.


2. I have now had the opportunity to fully consider your decision and the associated supporting materials that assisted you in coming to your decision. Your reasoning for the cessation of FA in most deployed locations is compelling and your decision to cease the payment of FA in most deployed locations, as set out in reference A, is supported.

3. In coming to this conclusion, I have taken into consideration the fact that the outcome of the Strategic Allowance Review and the Nature of Service Review will not be known for some time and that International Campaign Allowance (ICA) has not been adjusted by way of an index to maintain its value since its inception in 2001. I have also given careful consideration to the estimated financial impact on individuals whose eligibility for FA will cease and for the need to ensure that the removal of FA is not undertaken in such a manner as to cause undue financial hardship to personnel, in particular, those already in receipt of FA.

4. I have also taken particular note of the significant improvement in living conditions for most deployed personnel, such that many deployed locations no longer meet the criteria of clause 3 of reference B, which requires that a minimum of four of the disabilities set out in clause 2 of reference B are experienced by a member. As reference B is a binding decision of the Defence Force Remuneration Tribunal, there is no discretion other than to apply it correctly.

5. Having said that, a phased approach to the introduction of the changes was recommended to the MINDEF in order to lessen the financial impact on members currently deployed or who about to deploy (reference C). A phased approach will also ensure that the introduction of the changes is implemented robustly and provide sufficient time to fully communicate to members the financial impact on overall allowance packages in various deployed locations. MINDEF has agreed with the recommendations in reference C and advised the Prime Minister that they are now being implemented.

6. DEPSEC PSP will lead the implementation of these changes.

  
**A.G. HOUSTON**  
ACM  
CDF

11 Feb 10

**Enclosure:**

1. MINSUB CDF(S)/OUT/2010/8 dated 8 Jan 10

**Distribution**

**CJOPS**

**For information:**

SEC 17/2  
VCDF  
CN  
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CAF  
DEPSEC PSP  
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CDF(S)/OUT/2010/ 8  
SEC(S)/OUT/2010/2



Australian Government  
Department of Defence

## MINISTERIAL SUBMISSION

To: Senator Faulkner  
CC: Mr Combet  
Dr Kelly

Timing: **Urgent**  
Required by: 18 January 2010  
Reason: Prior to your meeting with SEC/CDF  
on 15 Jan 2010

Copies to: CDF, SEC, VCDF, CN, CA, CAF, CJOPS, CFO, DEPSIC DS, DEPSIC PSP, DEPSIC I&S, FASMSPA, FASBFP, FASIP, IIMSC, HDL, HPC, HPP, DGNOSR

### Financial Conditions for Current Operations

#### Recommendation:

That you:

- i. **agree** to cease payment of Field Allowance to ADF personnel assigned to Operation ASTUTE in East Timor, where conditions have been ameliorated effective from 18 March 2010 and introduce a transitional allowance of equal value to be paid up to 31 October 2010 at which time it will be ceased to coincide with a recommended change in Deployment Allowance and a troop rotation.  
AGREED / ~~NOT AGREED~~
- ii. **agree** the adjustment to Field Allowance required by improved living conditions in the Middle East Area of Operations (MEAO) be implemented from 18 March 2010.  
AGREED / ~~NOT AGREED~~
- iii. **agree** to reduce the daily rate of Deployment Allowance paid to ADF personnel assigned to Operation ASTUTE serving in East Timor from \$92.04 per day to \$71.74 per day from 1 November 2010, with a view to a further reduction to \$51.46 per day in around June 2011 on a date to coincide with a future troop rotation in line with changing levels of threat assessments.  
AGREED / ~~NOT AGREED~~
- iv. **note** the amount of the allowance paid for warlike service in the MEAO titled 'International Campaign Allowance' (ICA) has not been indexed since its inception in 2001.  
NOTED / ~~PLEASE DISCUSS~~
- v. **agree** to increase the daily rate of ICA to \$230 (from \$200) for service in Afghanistan, \$180 per day (from \$150) for service in Iraq and \$140 (from \$125) for service elsewhere inside the MEAO (including force elements afloat, which are not affected by the drop in Field Allowance) from 18 March 2010.  
AGREED / ~~NOT AGREED~~

- vi. **agree** a decision on the future of Deployment Allowance for service in the Darfur region of Sudan be held in abeyance until after April 2010.

S33(a)(i)(ii)

AGREED / ~~NOT AGREED~~

- vii. **note** the structure of operational allowances paid for operational service is being addressed in the Nature of Service Review which is currently scheduled for Cabinet consideration in 2010; with the aim of bringing multiple allowances into a single allowance structure more aligned with the nature of modern operations. Acceptance of the new framework may result in a lower classification for some areas/zones within the MEAO and therefore a lower rate of allowance becoming payable for service outside of Iraq and Afghanistan than that proposed in this submission, from the date the new framework is implemented.

NOTED / ~~PLEASE DISCUSS~~

- viii. **note** the suite of changes proposed in this submission will be announced early in 2010 pending agreement from the Prime Minister.

NOTED / ~~PLEASE DISCUSS~~

- ix. **sign** the attached letter to the Prime Minister seeking his agreement to the recommendations proposed in the submission, or should you wish to discuss further, this could be undertaken when the Secretary and CDF meet with you on Friday 15 January 2010.

SIGNED / ~~PLEASE DISCUSS~~

#### **Key Points**

1. We discussed this matter in detail on 15 December 2009 and considered a range of options for the matters at hand. This submission reflects the proposed way ahead including that no change is proposed on 4 February 2010 because implementation and communications issues present a significant risk given the short notice over the Christmas period. Instead, we propose these changes be made as soon as possible in the New Year following further planning. A proposed implementation date of 18 March 2010 is currently recommended but that would require an early response from the Prime Minister. A summary of proposed changes is at Attachment A.

#### **Field Allowance**

2. Chief Joint Operations completed an audit in late 2009 of the living and working conditions across the MEAO, Solomon Islands and East Timor. The audit identified that living conditions in various areas had improved (ie. the Government has spent considerable funds on infrastructure) to the extent that Field Allowance was no longer justified and not required to be paid in most locations. The conditions that trigger payment of Field Allowance are set by the Defence Force Remuneration Tribunal and require that an ADF member undertake duty and live in the field incurring disabilities in living and working conditions, eating arrangements and access to facilities and services.
3. As a result of the audit, Field Allowance needs to be adjusted in East Timor and across the MEAO. Field Allowance does not require adjustment in the Solomon Islands because it has been correctly applied following a reduction in November 2008. A majority of personnel in East Timor and the MEAO no longer qualify for the payment of Field Allowance. Certain sites within these locations, such as Forward Operating Bases and Patrol Bases, will continue to attract the payment of Field Allowance. It may also be paid on occurrence when required.
4. Though technically possible to introduce this change in the short term (4 February 2010), we recommend implementation of this adjustment for service across the MEAO and in East



[REDACTED]

Timor on 18 March 2010. A transitional allowance is proposed for service in East Timor that will see the monetary daily allowance maintained until 1 November 2010. A transitional arrangement is not necessary in the MEAO as it is proposed to increase the daily rate of International Campaign Allowance to coincide with the reduction in Field Allowance.

5. The reduction of Field Allowance in East Timor will be achieved in a two staged approach. Firstly, effective 18 March 2010, Field Allowance will no longer be paid to those personnel who do not meet the qualifying criteria. However, in order to maintain the daily financial package of those already deployed, a transitional allowance titled "Timor-Leste Transitional Allowance" will be introduced effective from 18 March 2010 that is of equal value to the Field Allowance that is ceasing (\$29.47 per day).
6. In order to bring ADF personnel serving in East Timor to their correct level of entitlement over time, the transitional allowance will cease effective 1 November 2010 which will coincide with a troop rotation.
7. The payment of Field Allowance also attracts the accrual of Additional Recreation Leave up to a maximum of 10 days per year. For accounting purposes this equates to 14 calendar days worth of salary and allowances. On return from a deployment, International Campaign Allowance (paid for warlike operations) and Deployment Allowance (paid for non-warlike operations, ie. East Timor) are paid for all accruable types of leave, including Field Leave, accrued inside the operational area. Field leave is in addition to War Service Leave that accrues at the rate of 18 days per year.
8. As Field Allowance is no longer payable for most members on operations, the additional leave is also not accrued. For example, members returning from Afghanistan will no longer be entitled to the payment of International Campaign Allowance for the period of Field Leave lost which equates to \$3,220. Note that they will continue to earn approximately \$41,000 worth of ICA over a six month deployment, inclusive of \$30 per day increase to ICA. A similar affect will occur for those troops returning from East Timor. Furthermore, this period of leave also attracts the continued tax exemption on all ADF salary and allowances. This loss of allowance and tax exemption on return to Australia could be seen as an erosion to the overall deployment package but is consistent with the underlying basis of the loss of Field Allowance by service personnel.

#### **Deployment Allowance - East Timor**

9. On 10 September 2009, based on limited advice then available to him, Mr Combet approved the reduction in the daily rate of Deployment Allowance payable for service on Operation ASTUTE in East Timor. This has not been announced. This followed two previous requests, one in December 2006 to the previous Government and again in December 2008 to Minister Snowden. No action was taken on either of these requests.
10. The request for Ministerial consideration of a reduction in Deployment Allowance in September 2009 is S33(a)(i)(ii) [REDACTED] The reduced rate of \$51.46 was to have been introduced to coincide with a troop rotation and planned draw down of troop numbers (650 to approximately 400 personnel) scheduled for 4 February 2010.
11. A recommendation to reduce the rate of Deployment Allowance is prompted by a change in the level of threat. However, the deployment allowance policy provides the Minister with the prerogative to determine which threat levels apply to an operational area. Therefore, in order to lessen the impact of a change for troops already committed to and planned for deployment in February 2010, there will be no change in February 2010. Instead a reduction in

[REDACTED]

Deployment Allowance to \$71.74 per day, effective from 1 November 2010, is proposed to align the allowance to a MEDIUM threat level. This will coincide with a troop rotation, and the ceasing of the Timor-Leste Transitional Allowance. A further reduction in Deployment Allowance to \$51.46 per day is proposed around June 2011 on a date to coincide with a future troop rotation.

#### **International Campaign Allowance - Middle East Area of Operations**

12. In October 2001, at the commencement of Operation SLIPPER (Afghanistan), a new allowance titled 'International Campaign Allowance' was introduced at a rate of \$200 per day in Afghanistan and \$125 elsewhere in the MEAO. These rates were set in accordance with guidance from the Government of the day. Unlike Deployment Allowance, paid only for non-warlike operations, International Campaign Allowance (ICA) has no automatic review mechanism or index. This is mainly due to the initial high monetary value of the allowance in comparison with other operations of the day and the then-anticipated outcome of the Nature of Service Review that proposed to subsume ICA into a new Deployment Allowance structure. Had ICA been increased in line with ADF salary adjustment its worth today would be \$278.61 and \$174.13 respectively.
13. The structure of operational allowances paid whilst deployed overseas is currently under consideration by the Nature of Service Review and the ADF Strategic Review of Allowances. The outcome of these reviews will not be known for some time. As an interim measure, and to offset the impact of the loss of Field Allowance in the MEAO, Defence recommends that ICA be increased by \$30 per day for service in Afghanistan and Iraq and \$15 per day for service elsewhere inside the MEAO, including the force elements afloat.
14. The simultaneous implementation of an increase to ICA and reduction to Field Allowance will substantially soften any potential financial impact members may experience.
15. Increasing International Campaign Allowance and adjusting Field Allowance will see some ADF members gaining an increase in their overall deployment package, for example Special Force members, while others will experience a decrease. For instance, in the Gulf States (Kuwait, Bahrain, UAE, Qatar etc) where the majority of personnel are currently paid Field Allowance at the lower tier (\$29.47 per day) members will experience a reduction to their overall allowance package in the order of \$2,700 over a six month deployment. This does not include the additional loss of up to 10 days Additional Recreation Leave and associated benefits discussed above.
16. Special Force members in the MEAO will benefit from the recommended increases to International Campaign Allowance as they are not paid Field Allowance but are compensated by way of Special Forces Disability Allowance, paid continuously for qualified Special Force members. Special Force members in Afghanistan will gain \$5,400 over a six month deployment from the proposed \$30 per day increase to International Campaign Allowance.
17. While it would be possible to retain Special Force members on a rate of International Campaign Allowance of \$200 in order to negate the benefit, it would increase complexity and be difficult to justify having non-Special Force personnel on a higher rate of International Campaign Allowance in order to maintain the equity in the overall financial package, when Special Force members bear the brunt of combat operations. Additional remuneration (\$30 per day) for S33(a)(i)(ii) Special Forces personnel will have the effect of increasing the gap between those regularly conducting combat operations and those providing training, mentoring and support from more secure locations.
18. Force elements afloat are not paid Field Allowance as they are compensated by way of Seagoing Allowance. While there is no financial loss to any personnel within the force



[REDACTED]

elements afloat, including them in the ICA increase will avoid tension within the organisation and is consistent with the 'one company' principle; that is, all ADF personnel outside of Afghanistan and Iraq are contributing equally to the outcome of the operation and as such should receive the same rate of ICA. On balance we propose maintaining the consistency of ICA within the outer areas of the MEAO.

19. As there is no 'main body' rotation for service in the MEAO and the reduction to Field Allowance needs to be implemented without undue delay, it is proposed that changes in Field Allowance and increases to ICA be implemented on payday 18 March 2010.
20. The 'zoned approach' of the MEAO is expected to be implemented by Nature of Service Branch. The 'zoned approach' is likely to see areas outside of Iraq and Afghanistan declared non-warlike, thus attracting a lower rate of allowance. This will not occur before late 2010 and remains subject to Government agreement.

#### **Darfur Region**

21. On 15 September 2009, Minister Combet approved the reduction in the daily rate of Deployment Allowance payable for service in the Darfur region of Sudan. As for East Timor, no announcement has been made. This reduction also followed a drop in the level of assessed threat. There are currently no ADF members serving in Darfur due to visa issues. CDF has asked that the operational and environmental threats in Darfur be re-assessed.

S33(a)(i)(ii)


[REDACTED] Until the outcome of that re-assessment is known, we recommend no action be taken. Ministers will be informed of the outcome of the new assessment and provided with a recommended course of action. In the event that the visa issue is resolved quickly, the Defence Intelligence Organisation threat assessment will be accelerated.

#### **Other Issues**

22. Instigating changes proposed in this submission will impact on Defence's budget as the newly completed Portfolio Additional Estimates Statement did not take into account any increases in allowances paid for operational service. If Government agrees to the ICA and Timor-Leste Transitional Allowance new policy proposal, Defence would seek supplementation under the no win no loss funding arrangements. However, Defence can expect pressure from central agencies not to fund the changes proposed in this submission under the 'no win - no loss' arrangement but absorb the costs from within the existing Defence budget on the grounds that reductions have not been pursued as conditions have changed.
23. Introducing proposed changes to Field Allowance and ICA in March 2010 and Deployment Allowances in November 2010 will allow sufficient time to execute a comprehensive communications strategy and reduce risks associated with implementation. It will also significantly reduce the likelihood of errors and unintended consequences arising from a rushed implementation over the Christmas period.

#### **Sensitivity**

24. Yes. Any adjustment to the overall deployment package paid to ADF personnel deployed overseas has the potential to draw comment from both the wider Defence community and the media. There have already been some complaints received by Defence on the subject of deployment conditions. Defence has also received one fax regarding the less favourable treatment of Reservists deployed in the Solomon Islands. Complaints will be managed on a case by case basis.

- 
- 
25. An internal and external information campaign before implementing any conditions of service changes would mitigate the risk of discontent amongst the wider Defence community. This would enable the Defence pay system to be programmed ahead of time lessening the risk of incorrect payments.
  26. An increase in ICA may also be seen as contrary to the savings required as part of the Strategic Reform Program and may draw adverse comment from the media.
  27. Owing to the significant number of personnel affected by the changes recommended in this submission, it is proposed, pending the Prime Minister's agreement, an announcement will be made as part of the communication plan early in 2010.

#### **Resources**

28. CFO notes:
  - a. That discontinuing payment of field allowance where ADF members are no longer entitled will result in an estimated \$10.761m reduction in funding required for operations in 2009-10, which would be returned to Government under the no win no loss arrangements. Against the current estimated requirement included in the 2010-11 SPBC letter, Defence would require \$36.379m less funding for field allowance on operations in 2010-11.
  - b. The cost of implementing the changes to ICA and introducing the Timor-Leste Transitional Allowance is estimated at \$10.732 in 2009-10, \$30.386m in 2010-11 and \$28.295m in 2011-12.
  - c. DoFD has provided a costing agreement. Should this policy be agreed Defence would seek additional supplementation under the no win no loss arrangements applying to operations.
29. The impact of these proposals and the cessation of field allowance where members are no longer entitled results in a difference of \$0.030m less in FY 09/10, \$5.993 less in FY2010/2011 and \$6.938 less in FY 2011/12, when compared with maintaining the current arrangements.

#### **Communication Aspects**

30. Pending your approval of this submission a comprehensive communication strategy will be prepared to inform all ADF personnel and other stakeholders of the changed arrangements.



#### **Consultation**

31. The following have been consulted in the preparation of this submission:

- a. Vice Chief of the Defence Force Group,  
     i. Military Strategic Commitments Branch  
     ii. Nature of Service Branch
- b. the three Service Chiefs,
- c. Chief Joint Operations,
- d. Chief Finance Officer,
- e. Defence Support Group.
- f. Head Defence Legal,
- g. International Policy Division, and
- h. Public Affairs.

**Attachments:**

- A. Summary of Allowance Proposals  
 B. Letter to the Prime Minister  
 C. Background Information – Deployment Conditions

Approved by: <b>I. J. WATT</b> Secretary  7 Jan 10		Approved by: <b>K.J. GILLESPIE</b> LTGEN A/CDF  8 Jan 10	
<b>Contact Officer:</b> Wolfgang Miko		Phone: 02 S47	

  
**JOHN FAULKNER**  
 01 / 2 / 2010.

### Daily Pay Impact of Allowance Proposals

Geographic Location	Dates	Deployment Allowance	International Campaign Allowance	Field Allowance Tier 1 - \$50.23 per day Tier 2 - \$29.47 per day	Number of Members	Pay Outcome
East Timor – Excluding Forward Operating Bases	Current	\$92.04		Tier 2	Current 650 Reducing to 400 as at 4 Feb 2010	↓
	Proposed 1 Nov 2010	\$71.74		Transitional Allowance \$29.47 per day until 1 Nov 2010		
	Proposed Mid 2011	\$51.46				
East Timor Forward Operating Bases	Current	\$92.04		Tier 1 or Tier 2		↓
	Proposed 1 Nov 2010	\$71.74		Tier 1 or Tier 2		
	Proposed Mid 2011	\$51.46		Tier 1 or Tier 2		
Afghanistan Kandahar	Current		\$200.00	Tier 2	1550 Note (1)	or ↑
	Proposed 18 Mar 2010		\$230.00	NIL		
Afghanistan Tarin Kowt	Current		\$200.00	Tier 2		or ↑
	Proposed 18 Mar 10		\$230.00	NIL		
Afghanistan Forward Operating Bases	Current		\$200.00	Tier 1 or Tier 2		↑
	Proposed 18 Mar 10		\$230.00	Tier 1 or Tier 2		
Iraq	Current		\$150.00	Tier 2	S33	↓
	Proposed 18 Mar 10		\$180.00	NIL		
Gulf States	Current		\$125.00	Tier 2	S33	↓
	Proposed 18 Mar 10		\$140.00	NIL		
Afloat Force Elements	Current		\$125.00	NIL	S33 Note (2)	↑
	Proposed 18 Mar 10		\$140.00	NIL		

**Notes**

- (1) Afghanistan includes S33 SF not in receipt of Field Allowance that will receive an additional \$30 per day
- (2) Force elements afloat are not in receipt of Field Allowance and will receive an additional \$15 per day



**COPY**

**Senator the Hon John Faulkner  
Minister for Defence**

The Hon Kevin Rudd MP  
Prime Minister  
Parliament House  
CANBERRA ACT 2600

03 FEB 2010

Dear Prime Minister

I write to advise you of a reduction in the payment of Field Allowance in the Middle East Area of Operations (MEAO) and East Timor that is necessitated by the significantly improved standard of accommodation for our deployed forces, in accordance with the Defence Force Remuneration Tribunal legislation. I also advise you of a corresponding increase to operational allowances in the MEAO and East Timor that will, for the majority of personnel, offset the reduction in Field Allowance. In addition, daily rate of Deployment Allowance payable for service in East Timor will be reduced in a two step approach to a level more appropriate to the much reduced threat levels.

My proposed approach is designed to manage the required draw down of allowances gradually to minimise any detrimental impact on Defence personnel currently deployed or about to be deployed. The enclosed table depicts the proposed changes for each of the operational areas affected.

A recent audit of the living and working conditions across the MEAO, Solomon Islands and East Timor identified that living conditions in various areas had been improved due to considerable expenditure on infrastructure. Therefore, the payment of Field Allowance will no longer be applicable in most locations as the qualifying criterion legislated by the Defence Force Remuneration Tribunal are no longer met. The payment of Field Allowance in the Solomon Islands was adjusted to the correct levels in November 2008.

Field Allowance will be adjusted across the MEAO and East Timor in March 2010. In accordance with legislative policy a majority of personnel in these locations will no longer qualify for the payment of Field Allowance. Certain sites within these locations, such as Forward Operating Bases, will continue to attract the payment of Field Allowance. In the Solomon Islands, Field Allowance has been correctly applied since the reductions in November 2008 and does not require adjustment.

It is proposed to introduce a transitional allowance for East Timor of equal monetary value to Field Allowance to be paid until November 2010 in order to maintain the daily financial package for those members due to deploy in February 2010 who have already been briefed on their entitlements.

In the MEAO it is proposed to balance the reduction in Field Allowance with an increase to International Campaign Allowance (ICA). This will ensure the typical member serving in Afghanistan and Iraq will not suffer daily financial detriment as a result of these changes. However, personnel serving in some of the outer areas of the MEAO, such as logistic support units in Kuwait, who are currently being paid Field Allowance will experience a detriment of approximately \$2 700 over a six month deployment as their ICA increase will not fully offset the loss of Field Allowance. This arises because the rate of Field Allowance currently paid that will be ceased is \$29.47 per day and the increase to ICA is proposed as \$30 per day in Afghanistan and Iraq and \$15 per day in the Gulf States. This differential in increase to ICA is consistent with the current differential in the rate of ICA which is lower in the Gulf States than in Afghanistan and Iraq. It also reflects the relatively less hazardous environment that is experienced in the Gulf States.

Some members in the MEAO will benefit from the recommended increases to ICA. These include Special Forces who are not paid Field Allowance but are compensated by way of Special Forces Disability Allowance, paid continuously for qualified Special Force members. Special Force members in Afghanistan will gain approximately \$5 400 over a six month deployment. The overall deployment package for members posted to force elements afloat will also increase by approximately \$2 700 over a six month deployment. Again this is because force elements afloat are not paid Field Allowance but receive Seagoing Allowance instead which is paid continuously while at sea. While there is no compelling reason to provide additional remuneration for force elements afloat, on balance I judge that in order to avoid tension between elements of the deployed forces, elements afloat should be provided with the increase to maintain consistency of ICA throughout the outer areas of the MEAO.

The proposed increases to ICA in the MEAO will be offset by the cost reductions achieved from the adjustments in Field Allowance. As well, I anticipate a proposal from Defence to restructure the categorisation of the nature of service in the MEAO, which is currently all declared as warlike, to a zoned approach in which the Gulf States and maritime areas might be re-classified as non-warlike. If agreed, this would have the effect of potentially reducing the allowances payable for service in the Gulf States and force elements afloat in the MEAO. Those serving in Afghanistan and Iraq would be unaffected. I anticipate receiving a submission in mid 2010 on this issue.

As Field Allowance will no longer be paid, the majority of members serving in the MEAO and East Timor will not receive the 10 days Field Allowance leave which is currently paid or the tax exempt allowances associated with the payment of that leave. While this arguably constitutes detriment, the fact is the leave is not earned as Field Allowance is no longer applicable. The individual effect of this depends on the rate of operational allowance applicable to an individual up to a maximum of \$2 800 reduction for a six month deployment.

Following a sustained reduction in the level of assessed threat for service in East Timor the rate of Deployment Allowance needs to be adjusted downwards. A recommendation to reduce Deployment Allowance for service in East Timor has been made on two previous occasions, once to the previous Government (December 2006) and again to the then Minister for Defence Science and Personnel in December 2008. No action was taken on either occasion.

It is proposed to reduce the allowance from \$92.04 per day to \$71.74 per day on 1 November 2010. A further reduction will occur in mid 2011 to \$51.46 per day. This will see the allowance aligned with the current level of threat. Should the threat level increase prior to these changes the situation will be reviewed. The reductions are timed to coincide with force rotations enabling fair notice to Australian Defence Force members and their families of the adjustments. Any reduction in the rate of allowances paid for operational service may be perceived by the Defence community and the general public as an erosion of conditions and may well prove problematic. Delaying the introduction of the reduction until November 2010 will provide sufficient time to conduct a comprehensive communications strategy to mitigate this.

The impact of these proposals and the cessation of Field Allowance where members are no longer entitled results in a difference of \$0.030m less in Financial Year (FY) 2009/10, \$5.993m less in FY2010/2011 and \$6.938m less in FY 2011/2012, when compared with maintaining the current arrangements.

I have copied this letter to the Treasurer and the Minister for Finance and Deregulation.

Yours sincerely



JOHN FAULKNER  
Encl

## Attachment A

## Daily Pay Impact of Allowance Proposals

Geographic Location	Dates	Deployment Allowance	International Campaign Allowance	Field Allowance Tier 1 - \$50.23 per day Tier 2 - \$29.47 per day	Number of Members	Pay Outcome
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	Proposed 1 Nov 2010	\$71.74		Transitional Allowance \$29.47 per day until 1 Nov 2010		
	Proposed Mid 2011	\$51.46				
East Timor Forward Operating Bases	Current	\$92.04		Tier 1 or Tier 2		↓
	Proposed 1 Nov 2010	\$71.74		Tier 1 or Tier 2		
	Proposed Mid 2011	\$51.46		Tier 1 or Tier 2		
Afghanistan Kandahar	Current		\$200.00	Tier 2	1550 Note (1)	or ↑
	Proposed 18 Mar 2010		\$230.00	NIL		
Afghanistan Tarin Kowt	Current		\$200.00	Tier 2		or ↑
	Proposed 18 Mar 10		\$230.00	NIL		
Afghanistan Forward Operating Bases	Current		\$200.00	Tier 1 or Tier 2		↑
	Proposed 18 Mar 10		\$230.00	Tier 1 or Tier 2		
Iraq	Current		\$150.00	Tier 2	S33	
	Proposed 18 Mar 10		\$180.00	NIL		
Gulf States	Current		\$125.00	Tier 2	S33	↓
	Proposed 18 Mar 10		\$140.00	NIL		
Afloat Force Elements	Current		\$125.00	NIL	S33 Note (2)	↑
	Proposed 18 Mar 10		\$140.00	NIL		

## Notes

- (1) Afghanistan includes S33 SF not in receipt of Field Allowance that will receive an additional \$30 per day
- (2) Force elements afloat are not in receipt of Field Allowance and will receive an additional \$15 per day



## BACKGROUND INFORMATION – DEPLOYMENT CONDITIONS

### Deployment Allowance

1. Deployment Allowance (DA) has been governed by the process agreed by Cabinet in 1993 and adopted by subsequent governments. The process involves the allowance being calculated by the combination of operational and environmental threats S33(a)(i)(ii) S33(a)(i)(ii). The rate of allowance is then determined by reference to an operational / environmental threat matrix that has increasing levels of rates from Very Low to Very High in both fields. Current base rates of DA are shown in the following table:

Item	Threat Level	Operational threat	Environmental threat
		Rate of Allowance \$ a day	Rate of Allowance \$ a day
1	Very Low	-	-
2	Low	27.37	14.11
3	Medium	47.65	24.09
4	High	67.95	34.11
5	Very High	88.22	44.13

2. This process has operated for each deployment since 1993, with adjustments up and down as the assessed level of threat varies.

3. DA is paid to compensate ADF members for the hazard, stress and environmental threats they are likely to experience while deployed in support of overseas operations. S33(a)(i)(ii)

4. S33(a)(i)(ii)

Action to reduce the rate of DA was not undertaken at this time for a variety of reasons related to whether the reduced MTA would be maintained over time. S33(a)(i)(ii)

S33(a)(i)(ii) A submission recommending a reduction of DA was submitted at the time but was returned to Defence as a result of the change of Ministers.

5. On 10 September 2009, Minister Combat approved a reduced daily rate of DA of \$51.46 based on the September 2008 MTA. An announcement to this effect has not been made.

6. While a recommendation to reduce the rate of DA is prompted by a change in MTA, the deployment allowance policy legislation stipulates that it remains the prerogative of the Minister to determine which threat levels apply to an operational area.

### **Field Allowance**

1. Field Allowance compensates for the requirement to live and work in uncomfortable conditions in the field above the general threshold level established in Service Allowance. It also addresses the curtailment of home contacts, inability to use leisure time effectively and the requirement to work exceptionally long and irregular hours.
2. Field Allowance is paid on occurrence at either of two tiers; \$50.23 per day or \$29.47 per day depending on the level of disability. Field Allowance is one of several disability allowances that compensates for specific taskings. Others include Seagoing, Flying and Special Forces Disability Allowance.
3. The payment of Field Allowance also attracts the accrual of additional leave. For every day a member is paid Field Allowance (at either tier), they accrue 0.1 days additional leave, up to a maximum of 10 days per year. As most deployments are for more than 100 days, it can be expected those members in the Middle East Area of Operations (MEAO) and East Timor, where Field Allowance will no longer be paid, will no longer accrue this additional leave. Of note, on return from a deployment, International Campaign Allowance or Deployment Allowance is paid for any leave accrued inside the operational area taking into account weekends. That is, the 10 days Field Leave would attract 14 days worth of International Campaign Allowance or Deployment Allowance. This leave period in Australia also attracts the continued tax exemption on all ADF salary and allowances.
4. Defence has allocated significant funding to improve living and working conditions in operational areas where there is an enduring ADF commitment including the MEAO, Solomon Islands and East Timor.
5. Defence recently conducted an audit of the living and working infrastructure of all sites in the MEAO, Solomon Islands and East Timor and assessed Field Allowance eligibility criteria at each site. Field Allowance eligibility in the Solomon Islands has been correctly applied since March 2008, whereas the payment of Field Allowance in the MEAO and East Timor has continued unchecked.
6. With the exception of some areas (i.e. Forward Operating Bases, combat outposts and physical locations outside of established bases) the audit identified that living conditions had been improved (i.e. ADF has spent considerable funds on infrastructure) to the extent that Field Allowance was no longer required to be paid in most locations. ADF members who are accommodated in operational areas that meet the threshold criteria will remain eligible for Field Allowance.

### **International Campaign Allowance**

7. International Campaign Allowance (ICA) is paid to compensate for the hazard, stress and environmental threats likely to be experienced while deployed overseas. In keeping with past practice, ICA is paid only for warlike service. Current rates of ICA approved by the Minister for Defence are \$200 per day for service in Afghanistan, \$150 per day in Iraq and \$125 per day elsewhere inside the specified area. A different allowance (Deployment Allowance) is paid for service on non-warlike operations which is generally at a lower rate (Solomon Islands - \$51.46, East Timor - \$92.04 & Sudan - \$91.78 per day) than ICA.

#### **8. S33(a)(i)(ii)**

Over the years the rate of ICA has been adjusted up and down, dependent of the threat levels. For example, in June 2003 ICA was reduced for service in Afghanistan from \$200 per day to \$125 per day, while the rate for Iraq was reduced from \$200 to \$150 per day. As the situation in Afghanistan worsened, ICA was increased to \$150 (April 2005) and again to \$200 per day (May 2006).

[REDACTED]

9. Unlike Deployment Allowance, which is indexed in line with ADF salary, ICA has no automatic review mechanism to maintain its value. This is due, in part, to the significant initial level of the allowance, set in accordance with guidance from the Government of the day, and the expected outcome of the Nature of Service Review. The Nature of Service Review, commissioned in June 2002, has developed a new framework of allowances which sees ICA subsumed into a single Deployment Allowance structure which takes into account guidance provided by Government. The new framework has been scheduled for Cabinet consideration several times over the years and is due again in 2010.

**Effect on Superannuation**

10. Both ICA and Field Allowance attract a supplementary superannuation guarantee payment of 9 percent. As some members will gain a benefit from the increase in ICA, any costing needs to be cognisant of the additional amount required for superannuation payment purposes. As a rule of thumb, the superannuation guarantee top up is in the order of 9% of the increase in the allowance.

OCAF INCOMING CORRESPONDENCE

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**Minute**  
Chief of the  
Defence Force

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### FIELD ALLOWANCE REVIEW

#### References:

- A. CJOPS Minute J138640 dated 30 Nov 09
- B. DFRT Determination No.14 of 1995
- C. MINSUB CDF(S)/OUT/2010/8 dated 8 Jan 10

CDR:	OCAF 3
Serial:	723 750
Signature:	KLOOL
Date:	17 Feb 10

1. At reference A, you requested that I review your decision to cease payment of Field Allowance (FA) to most deployed locations.

2. I have now had the opportunity to fully consider your decision and the associated supporting materials that assisted you in coming to your decision. Your reasoning for the cessation of FA in most deployed locations is compelling and your decision to cease the payment of FA in most deployed locations, as set out in reference A, is supported.

3. In coming to this conclusion, I have taken into consideration the fact that the outcome of the Strategic Allowance Review and the Nature of Service Review will not be known for some time and that International Campaign Allowance (ICA) has not been adjusted by way of an index to maintain its value since its inception in 2001. I have also given careful consideration to the estimated financial impact on individuals whose eligibility for FA will cease and for the need to ensure that the removal of FA is not undertaken in such a manner as to cause undue financial hardship to personnel, in particular, those already in receipt of FA.

4. I have also taken particular note of the significant improvement in living conditions for most deployed personnel, such that many deployed locations no longer meet the criteria of clause 3 of reference B, which requires that a minimum of four of the disabilities set out in clause 2 of reference B are experienced by a member. As reference B is a binding decision of the Defence Force Remuneration Tribunal, there is no discretion other than to apply it correctly.

5. Having said that, a phased approach to the introduction of the changes was recommended to the MINDEF in order to lessen the financial impact on members currently deployed or who about to deploy (reference C). A phased approach will also ensure that the introduction of the changes is implemented robustly and provide sufficient time to fully communicate to members the financial impact on overall allowance packages in various deployed locations. MINDEF has agreed with the recommendations in reference C and advised the Prime Minister that they are now being implemented.

6. DEPSEC PSP will lead the implementation of these changes.



A.G. HOUSTON  
ACM  
CDF

11 Feb 10

**Enclosure:**

1. MINSUB CDF(S)/OUT/2010/8 dated 8 Jan 10

**Distribution**

**CJOPS**

**For information:**

SEC  
VCDF  
CN  
CA  
CAF  
DEPSEC PSP  
HMSC  
HPC

## FINDINGS OF FIELD ALLOWANCE AUDIT OF TASK GROUP SITES

## MEAO

Serial	Country	Location	Camp	Unit	Living	Working	Eating	Leisure	Facilities and/or services	Hours of Work	Eligibility	Tier	Remarks
1	Bahrain	Bahrain	Residence	LSE	Fixed	Normal	Fixed (OSTA)	Normal	Full	Normal	No	Nil	
2	KUW	AAS	Billabong Flats	FSU - K	Fixed	Normal	Fixed	Normal	Full	Extended	No	Nil	
3	QATAR	Al Udiad	Al Udiad	633.14 & 2.2	Fixed	Normal	Fixed	Normal	Full	Extended	No	Nil	
4	QATAR	Al Udiad	Al Udiad	633.2.3	Fixed	Adverse	Fixed	Normal	Full	Extended	No	Nil	
5	AFG	Kabul	AS House	HQ - A	Fixed	Normal	Fixed	Normal	Full	Extended	No	Nil	
6	AFG	Kabul	HQ ISAF	Embeds	Fixed	Normal	Fixed	Normal	Full	Extended	No	Nil	
7	AFG	KAF	Camp Baker	FSU - A	Fixed	Normal	Fixed	Normal	Full	Extended	No	Nil	
8	AFG	KAF	Camp Baker	RWG	Fixed	Adverse	Fixed	Normal	Full	Extended	No	Nil	
9	AFG	KAF	Camp Baker	SOTG	Fixed	Normal	Fixed	Normal	Full	Extreme	No	Nil	
10	UAE	AMAB	AMAB	HQ JTF 633	Fixed	Normal	Fixed	Normal	Full	Extended	No	Nil	
11	UAE	AMAB	AMAB	633.2.4	Fixed	Adverse	Fixed	Normal	Full	Extended	No	Nil	
12	IRAQ	Baghdad	Camp Victory	Embeds	Fixed	Normal	Fixed	Normal	Full	Extended	No	Nil	
13	AFG	TK	Camp Russell	SOTG	Fixed	Normal	Fixed	Normal	Full	Extreme	No	Nil	
14	AFG	TK	Camp Holland	MRTF	Fixed	Normal	Fixed	Normal	Full	Extended	No	Nil	
15	AFG	Bagram	BAF	Embeds	Fixed	Normal	Fixed	Normal	Full	Extended	No	Nil	
16	AFG	Baghdad	Anzac Cove	SECDET	Fixed	Normal	Fixed	Normal	Full	Extended	No	Nil	
17	AFG	Baghdad	Embassy	SECDET	Fixed	Normal	Fixed	Normal	Full	Extended	No	Nil	
18	AFG	KAF	Camp Palomino	CRC	Temp	Normal	Fixed	Normal	Full	Extended	No	Nil	Eating Arrangements are marginal
19	KUW	AAS	Camp Beuring	FIT/FET/FB	Temp	Normal	Fixed	Limited	Full	Extended	No	Nil	
20	AFG	URIZGAN	PB Qudus	MRTF	Temp	Extreme	Temp	Limited	Limited	Extended	Yes	2	
21	AFG	HELMAND	FOB Armadillo	40 Fd Regt	Temp	Extreme	Temp	Limited	Limited	Extended	Yes	2	



Serial	Country	Location	Camp	Unit	Living	Working	Eating	Leisure	Facilities and/or services	Hours of Work	Eligibility	Tier	Enclosure 1 to HQJQC C1449511 Remarks Dated 6 Aug 09
22	AFG	URIZGAN	COP Bumen	MRTF	Temp	Extreme	Temp	Limited	Limited	Extended	Yes	2	
23	AFG	URIZGAN	COP Atiq	MRTF	Temp	Extreme	Temp	Limited	Unavailable	Extended	Yes	2	

#### SOLOMON ISLANDS

24	SI	GBR	GBR	HQ 635	Fixed	Normal	Fixed	Normal	Full	Extended	No	Nil	
25	SI	Honiara	Rove OP		Temp	Extreme	Temp	Limited	Limited	Extended	Yes	1	24 Hr overwatch of Rove Prison

#### EAST TIMOR

26	EM	Dilli	Camp Phoenix	HQ 631	Fixed	Normal	Fixed	Limited	Full	Extended	No	Nil	Eating and Leisure facility are Bure Huts. All other work and living accommodation is either Kobe or Goochie Huts
27	EM	Dilli	HPOD		Fixed	Normal	Fixed	Limited	Full	Extended	No	Nil	
28	EM	Dilli	APOD	TLAG	Temp	Extreme	Fixed	Limited	Limited	Extended	Yes	2	APOD located within 75 metres of the Dilli Runway. Accommodation and Leisure facilities are Bure Huts, these are of very poor standard. Personnel constantly exposed to Noise and environment hazard.
29	EM	Dilli	Camp Chauvel	TLBG	Fixed	Adverse	Fixed	Limited	Full	Extended	No	Nil	
30	EM	Gleno	FOB Gleno	TLBG	Temp	Extreme	Fixed	Limited	Limited	Extended	Yes	2	Whilst better standard than FOB Baucau, structures are rudimentary and mostly Bure Huts. FOB Gleno will be retained as a bare FOB in early 2010 with the TLBG drawdown.
31	EM	Baucau	FOB Baucau	TLBG	Temp	Extreme	Temp	Limited	Limited	Extended	Yes	1	Accommodation is very poor standard and exposed to the elements. One facility has a new roof but remainder of accommodation of very poor standard. Structures are infested with termites. FOB Baucau expected to close early 2010 with TLBG drawdown.