



DEFENCE FORCE WELFARE ASSOCIATION

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Senate Foreign Affairs, Defence and Trade Committee
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SUBMISSION TO PARLIAMENT'S JOINT STANDING COMMITTEE ON FOREIGN AFFAIRS, DEFENCE AND TRADE INQUIRY INTO THE DEFENCE ANNUAL REPORT 2015-16

INTRODUCTION

The Defence Force Welfare Association (DFWA) welcomes the opportunity to make a submission to Inquiry of Parliament's Joint Standing Committee on Foreign Affairs, Defence and Trade into the Defence Annual Report 2015 - 16. Although the Committee plans to examine a range of issues, the ones of specific interest to DFWA and upon which it is qualified to comment relate to those with a personnel focus, namely:

- ADF Remuneration;
- Recruitment / Retention; and
- Broader Conditions of Service.

These issues are at the centre of DFWA's purpose, which is to foster the best interests and welfare of all members of the ADF and their families in any matter likely to affect them during or after their period of service.

ADF REMUNERATION

The DFWA notes that negotiations surrounding the next ADF Workplace Remuneration Arrangement (WRA) will occur this year, given that the current WRA expires in November 2017.

As an approved intervener to the Defence Force Remuneration Tribunal (DFRT) for the 2014 WRA and following from that experience, the DFWA has a number of fundamental positions it intends to follow in the next WRA. These positions are as follows:

1. Maintenance of Cost of Living

DFWA believes that any wage increase must, at a minimum, maintain cost of living increases. Anything less would result in a decreased standard of living for ADF members and their families, and would be unacceptable. Any WRA advancement that simply meets CPI (or below) is NOT an increase in real terms and should not, under any circumstances, require any form of evidence of productivity improvement.

2. Offsets

Whilst DFWA objects to the concept that any salary increases be simply funded by offsets, it acknowledges that it is the Government's policy that any increases in pay should be 'offset' by increases in productivity, and that it follows that the Government should expect any advancement in salary purchasing power (which by definition should be greater than CPI at the very least) be compensated for by higher productivity.

Outside of Defence (for example in a manufacturing organisation) the concept of 'productivity' is valid and relatively easy to measure, but it is irrelevant in a military organisation whose only deliverable is capability. DFWA suggests, therefore, that the notion of 'increased productivity' as an efficiency measure be discontinued in the ADF in favour of capability consideration.

DFWA believes that any diminution of existing conditions should never be used to pay for real increases. It is highly emotive, damaging to morale (potentially resulting in lower capability), disproportionate in terms of cost savings and can, in any case, be worked around by other means. The 2014 WRA debacle aptly supports this

The DFWA therefore suggests that it would be more appropriate to focus on *capability* as the measure of output, which should be measurable.

DFWA notes that the Defence Strategic Reform Program has identified over 300 initiatives that will deliver \$20 billion of savings over 10 years, and that all savings will be "reinvested in Defence". It would not be unreasonable for some of these savings – which in great part are generated by changes to personnel practices and entitlements – to fund equitable salary increases for the ADF.

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

3. DFRT Processes

For some time DFWA has been concerned about the perceived lack of transparency in DFRT processes, and has supported a change to the "behind closed doors approach" used by governments to thwart the Defence Force Remuneration Tribunal's (DFRT) role in being seen to *independently* adjudicate a fair and equitable outcome.

When the Tribunal operates, as it should - under section 58H – DFWA acknowledges that it is a highly transparent organisation that has served the ADF well. However the last WRA aptly demonstrated some deficiencies, when the DFRT endorsed the Commonwealth /ADF Agreed position to award the ADF an annual 1.5% annual pay increase during 2014-2017, to be partially funded by offsets. Following widespread public dissatisfaction and strong lobbying by the DFWA, the Prime Minister stepped in and unilaterally announced that 2% per annum ought to be awarded, without offsets. The DFRT then sat again in April 2015 to consider a revised 'Agreed' position, and in June 2015 announced its decision to agree to the revised arrangement.

Whilst the DFRT is an improvement on the mechanisms in place before its establishment, there is concern that the 2014 WRA experience revealed once again that its role as an independent arbiter can easily be thwarted simply by bringing matters before it under Section 58KD of the Act. Typically, only Workplace Remuneration Arrangements are conducted in this manner, which prompts the Association to ask why this is so.

DFWA strongly believes that all matters of importance be conducted in accordance with Section 58H to allow the Tribunal to fulfil its proper function, and to allow ADF members a fair and equitable process not dictated by political pressure. The lack of transparency in the process has been regrettable. DFWA although acknowledged as the association representing ADF members has found that governments and administration officials over the years have erected obstacles hindering its work to the detriment of ADF members.

RECRUITMENT/RETENTION

DFWA notes that there is a close relationship between remuneration and conditions of service, and recruitment and retention. It therefore follows that Government can do much to support adequate levels of recruitment and retention (and therefore support and maintain capability) by providing

CONDITIONS OF SERVICE

DFWA notes that over many years there has been a steady but relentless deterioration in numerous conditions of service which ADF members and their families considered to be part of their employment package on joining the ADF.

Indeed, the whole fundamental concept of the ‘Unique Nature of Military Service’ appears to have been allowed to erode, so much so that now the distinction between the uniqueness of the profession of arms to that of the Defence civilian public servant has become increasingly blurred.

This is especially galling when edicts are put in place to reduce conditions of service as offsets to “pay” for remuneration increases (comments in relation to remuneration above are relevant).

The Unique Nature of Military Service

In relation to protecting the Conditions of Service for ADF members, the importance of the concept ‘Unique Nature of Military Service’ cannot be over stated.

In recent years there has been a shift in assumptions and attitudes underpinning the way military service is viewed. In previous years, many in government who shape policies were attracted to the idea that soldiers, sailors and airmen are adequately compensated by largely salary and allowances alone. Military service was thus mistakenly seen as little different to other forms of service that involve risk and danger such as in the police forces and emergency services organisations.

Thankfully, that attitude appears to be changing, albeit slowly. There is growing acceptance that the unique nature of military service is indeed rooted in the nature of society itself.

While there are aspects in common between service in the ADF and service in the police and emergency services, there are also fundamental demands placed on Military personnel that make ADF service unique from that required in the kindred bodies mentioned. The first unique aspect is the requirement for individuals to surrender their basic human rights under Article 3 of the Universal Declaration of Human Rights adopted by the United Nations in 1948 to which Australia is a signatory. Surrender of this basic human right is not demanded of any other Australian occupation.

The second unique aspect is that ADF personnel are required when lawfully ordered, to take up arms and defend Australia from its enemies using lethal force at the risk their lives. Failure to comply with such orders or to act dishonorably in the face of the enemy makes them liable to severe sanctions.

The concept of an Australian Military Covenant flows from an understanding of this uniqueness. The objective of such a Covenant is to set out the mutual obligations between the Nation and its servicemen and servicewomen.

DFWA believes the Covenant will help promote greater awareness and understanding within the general community of the demands placed on ADF members, as well as the community's expectations of the ethos and standards demanded of them. It would also place on public record the Nation's enduring obligations to those who serve and have served in the ADF, and to equally record their obligations to the Nation.

At the moment there is no consolidated record of either set of responsibilities. The upshot is that promoting the well being of service personnel to the general community relies only on Government advertising and sympathetic media stories. In an increasingly multi-cultural society, we should not take the public's support for service in the ADF for granted. There should be a foundational document that is simple and straightforward from which the ADF can develop and maintain community support into the future.

DFWA recommends that the Inquiry affirms the 'Unique Nature of Military Service' and potentially advocate the need for a National Military Covenant that underpins the Conditions of Service for our ADF servicemen and women.

Identified Changes in Conditions of Service

A comprehensive list of changed conditions of service would be difficult to generate, however the following may give the Committee the flavour of how conditions of service have deteriorated:

1. Entitlement versus Eligibility – Pay and Conditions Manual

With effect 1 July 2016, *Defence Determination 2016/19* implemented new Conditions of Service for all serving ADF personnel¹. They are intended to be policy neutral. However, there is very little that they are “entitled” to. Members will instead either be “eligible” or “become eligible”.

The removal of the word *entitlement* is concerning as it opens the way for the bureaucracy to further identify expenditures for cutting, thus reducing the status (and entitlements) of the ADF member to that of their civilian public servant counterpart.

2. Mess Arrangements

1. Over many years mess standards (measured by catering standards, hours of operation and accommodation costs) have deteriorated, and it logically follows that ADF members are now more often socialising and living off base, away from the military environment. Messes are a fundamental part of the unique nature of military service as they play a significant role in supporting morale and unit cohesion (and ultimately, affect recruitment and retention and capability). More recently, Defence substantially increased bar costs, reduced bar hours, at the same time as increasing the accommodation costs for live in members. This all further reduces the role of messes in supporting the military ethos.
2. Defence has moved away from using the CPI as the standard method of indexation for mess charges to ADF members (Clause 6 of *Defence Determination 2015/47*). This resulted in having living-in members having their Fortnightly Meal Charge increased by 13.3% (supposedly to better reflect the actual cost of providing the service). And yet, Defence retains CPI as the method of indexation for meals paid to ADF members on official duty and for travel (0.2% increase in 2015)! The hypocrisy is clear to all.

SUMMARY

The Defence Force Welfare Association is an Australia-wide organisation established in 1959 to specifically foster the best interests and welfare of all members of the ADF and their families in any matter likely to not only affect them during their period of service but afterwards as well. Thus personnel issues, particularly as they relate to still serving members, are very much at the forefront of the Association's activities. That includes the following:

- Advocating improved conditions of service for ADF members;
- Providing advocacy services on behalf of serving personnel (and retirees) who may have a claim on the Government under Commonwealth legislation covering superannuation, compensation and veterans' entitlements; and
- Representing the interests of ADF serving members as a recognized intervener at the DFRT. DFWA is also the Defence Employees Representative on the Public Safety Industry Advisory Committee of Government Skills Australia.

DFWA is strictly politically neutral and has a deliberate policy of remaining outside the Defence policy debate, except where it may affect the well-being of serving ADF personnel.

Against this background and mindful of its principal roles, DFWA welcomed the opportunity to make a submission to the Inquiry by Parliament's Joint Standing Committee on Foreign Affairs, Defence and Trade into the Defence Annual Report 2015 – 16, particularly into aspects that focus on Defence personnel.

DFWA recommends to Parliament's Joint Standing Committee to examine in close detail and potentially advocate the following:

- That maintaining the living standards of ADF members and their families should be of paramount importance to Government and Defence;
- Maintaining living standards by way of fair pay increases should not be subject to some offset in a reduction of the conditions of service;
- The DFRT process be made much more transparent and the Tribunal be left to independently adjudicate a fair and equitable outcome for ADF members;
- Recognition be given to the notion that proper and fair remuneration, and maintain conditions of service leads to good retention/recruitment outcomes; and
- The 'Unique Nature of Military Service' be given recognition and a National Military Covenant be recognised as underpins the Conditions of Service for ADF members.

At the discretion of the Standing Committee Inquiry into the '**Defence Annual Report 2015/16**', I offer myself to appear personally before the Committee at any time and answer any questions about the issues contained in this Submission, or other questions that may be deemed appropriate.

Yours Sincerely

Colonel David Jamison AM (Retd)
National President
Defence Force Welfare Association

ⁱ <http://www.defence.gov.au/DPE/PAC/>