



Defence Budget row

# Soldiers' pay may suffer for war effort

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The federal government budgeted nearly twice the amount it is now offering Australia's soldiers in pay rises, suggesting serving Defence Force members have fallen victim to the declining budget position and the costs of Australia's latest military engagement.

Average increases of nearly 4 per cent a year had been earmarked for the Defence Department in the May budget to meet its increased salary costs over the next four years. But the government is now offering a paltry 1.5 per cent.

The revelation suggests the government, which has added another \$1 billion-plus to the deficit through the new military involvement in Iraq and counterterrorism measures at home, is recouping some of those costs from Diggers.

Analysis of the wages and salary budget of the Department of Defence over four years, as provided by the independent Parliamentary Budget Office, reveals an average budgetary increase of 3.9 per cent – an allocation that would easily accommodate a pay rise of twice the 1.5 per cent increase proposed.

The figures show Defence Force personnel numbers will remain relatively static over the four years to 2017-18 climbing from 72,009 full-time equivalents in 2013-14 to 74,167 in the current financial year before edging back again to 73,144 in

2016-17 and 73,034 in the final year.

Over the same period, the PBO has advised the salary costs budgeted for – which include uni-

formed personnel and civilian staff – will rise 4.22 per cent in 2014-15 and 7.86 per cent in 2015-16 before contracting slightly the following year and climbing again by 4.08 per cent in the final year, 2017-18.

Opposition Leader Bill Shorten, who has called on Prime Minister Tony Abbott to intervene on behalf of uniformed personnel, described the situation as “scandalous”.

“There is no good reason the government cannot put a fair deal on the table. It is already budgeted for,” he told Fairfax Media.

“That is scandalous – it is incomprehensible that this government can send our servicemen and women into harm's way, and at the same time force them to take an effective pay cut.”

The government has made no secret that the below-inflation offer is a function of the tight budgetary situation, with Mr Abbott arguing the government must tighten its belt to meet new borrowing of \$1 billion per month.

On Friday, he wrote to Mr Shorten advising that in these circumstances, “a greater increase in defence pay is simply unaffordable. As you know, all spending has to be sustainable, even defence spending.”

Mr Abbott hastened to add in his letter that defence personnel serving in Iraq and other theatres “will

continue to receive additional remuneration and preferential tax treatment, reflecting the nature of the operation on which they are deployed”.

But with most loadings calculated as percentages of base pay, these extra payments are also set to contract against real wages and prices growth in the rest of the economy.

A spokesman for Defence Minister David Johnston said the government hoped to achieve “balanced fair employment conditions that recognise their service to the nation”.

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It is already  
budgeted for.’**

**Bill Shorten, Labor leader**

Senate F&PA Committee

Tabled Document

Inquiry Supp. Budget Estimates 2014-15

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Witness Name Senator McKenzie

Organisation .....