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OIA-2025-5456

gk
August 2025

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Dear [redacted]

I refer to your email of 1 July 2025 requesting, under the Official Information Act 1982 (OIA), the following information:

All information (including internal communications) relating to the \$8.29 million budgeted funding increase for civilian and military staff for 2025/2026 year, including: the source of the funding, and the advice involved in seeking this funding through the Budget process

The source of the funding is from Budget 2025 outcomes. This funding is additional to the New Zealand Defence Force's (NZDF) previous baseline and is enduring from Financial Year 2025/26. Guidance and advice provided to the NZDF on making submissions for Budget 2025 is provided by Treasury in the document *Budget 2025, Advice for Agencies*. Treasury intends to proactively release this document by the end of August.

how the funding has been allocated in 2025/26 and is intended to be allocated in future years

All information (including internal communications) relating to the removal of the annual remuneration review for 2025, including forecasted costs and timing

Two Minutes relating to this part of your request are at Enclosures One and Two. Enclosure One is Chief People Officer (CPO) Minute 21/2025, presenting decisions relating to remuneration to the NZDF Organisational Committee. Enclosure Two is an extract of relevant information from a CPO Minute of 16 June 2025 to the NZDF Executive Committee (EXCO) with updated information from Minute 21/2025. Both address the Annual Remuneration Review (ARR). Communications between EXCO members are withheld in full in accordance with section 6(a) of the OIA to avoid prejudice of the security and defence of New Zealand, and section 9(2)(g)(i) of the OIA to maintain the effective conduct of public affairs through the free and frank expression of opinions.

Where indicated in these enclosures, information is withheld in accordance with: section 6(a) of the OIA for the reason provided above; section 9(2)(g)(i) of the OIA for the reason provided above; section 9(2)(h) of the OIA to maintain legal professional privilege; section 9(2)(j) of the OIA to avoid prejudice to negotiations; and, signatures are withheld in accordance with 9(2)(k) of the OIA to avoid the malicious or inappropriate use of staff information, such as phishing, scams or unsolicited advertising.

The following extract is from the REM:2025 booklet concerning the ARR:

As the 2% increase is payable to civil staff on individual employment agreements regardless of their PDR outcomes, there will be no financial outcomes for ARR for the 2024/2025 period.

Due to limited funding, we are not in a position to cover both an uplift to the civilian remuneration table and ARR. This was a difficult decision to make and prioritise, so we have gone for the option that will benefit the greatest number of staff. This aligns with our intent to reduce the market gap. [withheld under section 9(2)(g)(i)].

Despite this, PDRs will still need to be completed. PDRs are crucial as they provide an opportunity for open and constructive feedback between employees and managers, and they also help to identify areas for growth and development, which can be supported through training and other resources.

In completing this year's PDR and ARR outcome, 1UP and 2UP managers need to make a recommendation to close out the PDR, however the ARR recommendation result will not apply this year.

You have the right, under section 28(3) of the OIA, to ask an Ombudsman to review this response to your request. Information about how to make a complaint is available at www.ombudsman.parliament.nz or freephone 0800 802 602.

Please note that responses to official information requests are proactively released where possible. This response to your request will be published shortly on the NZDF website, with your personal information removed.

Yours sincerely

GA Motley

Brigadier

Chief of Staff HQNZDF

Enclosures:

1. Chief People Officer Minute 21/2025
2. Extract from Chief People Officer Minute, 16 June 2025

People Capability Portfolio

CPO MINUTE 21/2025

Jun 25

ORG

REM:2025 – REQUEST FOR FUNDING ALLOCATION OF NON-DISCRETIONARY ITEMS, CIVILIAN REMUNERATION AND OPERATIONAL ENABLING ALLOWANCE POSTING READINESS (OEAPR)

Purpose

1. The purpose of this minute is to request endorsement from ORG to fund REM:2025 civilian and non-discretionary components, as well as the funding envelope for OEAPR. Subject to endorsement, DHR shall consult with the Public Service Commission prior to approval being sought from EXCO and CDF.

Funding Allocation

2. ORG is requested to endorse the allocation of \$8.3M of funding provided in Budget25 for uplifts in civilian remuneration and non-discretionary items. ORG is also requested to endorse the existing OEAPR funding envelope of \$18.3M and revised FY 25/26 OEAPR rates.¹

Remuneration components for consideration

3. This Minute covers the following remuneration components:

a. **Component 1 – Non Discretionary Items**

- (1) Minimum wage;
- (2) Remuneration changes directed by the Remuneration Authority; and
- (3) NZDF Health (Sector F) Pay Progression;

b. **Component 2 – Civilian Remuneration Options**

- (1) Base salary table movement for members of the Civil Staff and Locally Employed Civilians (LECs); and
- (2) The civilian Annual Remuneration Review (ARR)

c. **Component 3 - Changes to OEAPR allowance rates.**

4. When considering these components, ORG is requested to note NZDF's remuneration obligations, policies and principles at Annex A s. 9(2)(g)(i) s.9(2)(j)

5. The Table overleaf presents options for ORG's consideration on how to allocate the \$8.3M with explanations provided thereafter.

1. Budget25 also provided \$38.9M for the development and implementation of the first phase of a more fit-for-purpose military allowance framework. See CPO Minute 22/2025 for the outline of this funding request.

Option One			Option two		
	Components	Cost (\$)		Components	Cost (\$)
Non Discretionary	Min Wage 1 July 2025 - 30 June 26	s.9(2)(j)		Minimum Wage 1 July 2025 - 30 June 26	s.9(2)(j)
Non Discretionary	Min Wage 1 Apr - 30 Jun 26			Min Wage 1 Apr- 30 Jun 26	
Non Discretionary	Remuneration Authority			Remuneration Authority	
Non Discretionary	Health Progression			Health Progression	
Civilian pay	2% Increase to base salary tables			0.5% increase to base salary tables	
Civilian pay	LEC			ARR (including LEC)	
Civilian pay	Bargaining			Bargaining	
	Total	8,300,000		Total	8,300,000

Component 1 – Non Discretionary Items

6. **Minimum Wage.** Military TR tables and hourly rate values have been updated effective from 1 Apr 25 to reflect the legislated 2025 rate of \$23.50 per hour². Funding of s.9(2)(j) for FY25/26 and s.9(2)(j) for the delta in applying a potential new legislated rate (1.5% increase) from 1 Apr - 30 Jun 26.³ There is no funding provision to resolve subsequent compression to the respective remuneration tables.

7. **Remuneration Authority.** An estimated cost of s.9(2)(j) is proposed to be set aside to allow for remuneration uplifts directed by the Remuneration Authority⁴.

8. **NZDF Health (Sector F) Pay Progression.** Pay progression for Sector F military and civil staff members is an annual contractual entitlement for civil staff and a term and condition of service for armed forces health personnel with members advancing through their pay progression model based on a combination of time, qualification, occupation, rank, experience, and performance. The annual pay progression review for health members has not yet been approved by DDH but there is a requirement to ring fence funding for this component⁵.

Component 2 – Civilian Remuneration Options

9. This section covers remuneration options for members of the Civil Staff including base salary table increases and civilian ARR, as well as LEC remuneration.

10. Two options provided for ORG's consideration:

- a. **Option One.** A 2% increase to the base salary of NZDF civilian pay tables in order to minimise the gap to market.⁶ This includes all union tables and provides an uplift for our LECs⁷. Market gap data at are presented at Annex B.

² CPO Minute 11/2025.

³ Historically, anticipated minimum wage changes effective 1 April have not been budgeted for the 1 April -30 June period. This has required DHR to gain separate ORG endorsement for unbudgeted funding.

⁴ CDF, CN,CA ,CAF, Chief Judge, RAC as well as increases for VCDF, COMJFMZ, CJDS, ADF DCJOC and other currently serving RF and TF MAJGEN(E) whose remuneration is linked to Remuneration Authority pay changes.

⁵ Costs based on DHD Trade Chief's recommendations.

⁶ Proposed percentage increase is consistent across all pay tables including NZDF Health (Civilian grades). Historically the base salary values for civilian and military health practitioners were equal. The \$1,000 increase to Civilian base salary tables effective 1 July 2024 and any % increase this year will further distort the two tables.

⁷ Proposed LEC adjustments are based on inflation adjustments per country. Where there has been negative inflation the pay table will remain extant.

- b. **Option Two.** A 0.5% increase to the base salary of NZDF civilian pay tables and funding civilian and LEC ARR⁸. Obligations with respect to pay progression are detailed at Annex A.⁹

11. s.9(2)(g)(i)

12. The Terms of Settlement between the NZDF and its unions (DSA, PSA and NUPE) contain a provision that provides a framework and precondition around CDF being able to offer an increase to union and non-union members once Budget 25 becomes clear. s. 9(2)(g)(i)

13. **Recommended Option.** There is insufficient funding to cover remuneration uplifts and ARR in a meaningful manner. ORG is requested to endorse Option One – this option provides an uplift to the base salary of all NZDF civilian remuneration tables, benefits the majority of civilian staff and aligns with the intent of reducing the market gap. s. 9(2)(g)(i)

14. The funding allocation does not provide a standard civilian ARR process to be undertaken without a robust moderation process to ensure Civilian Remuneration costs fall within the funding envelope available. Given ARR was not conducted in 2024, there is likely to be unpredictable inflation of performance outcomes resulting in a fiscal risk that the funding allocation may not be sufficient.

Component 3 - Changes to OEAPR allowance rates.

15. In accordance with *DFO 3, Part 8, Chapter 9*, the NZDF Accommodation Assistance policy requires OEAPR rates to be reviewed annually.

16. OEAPR rates for FY2025/26 have been endorsed by the Deputy Service Chiefs with the revised rates are contained at Annex C. Funding for OEAPR is currently \$18.3M and is covered within the NZDF's existing PERSEX baseline. No change to the funding baseline is proposed.

17. Eligible members will be notified of the new OEAPR rates in the REM:2025 communications. OEAPR rate changes will be scheduled for implementation on a date to be confirmed, but no earlier than 28 days following the date of approval by CDF in accordance with *DFO 3, Part 8, Chapter 9, para 8.9.77*.

18. **Recommendation.** ORG is requested to endorse the current funding allocation of \$18.3M and the revised rates at Annex C.

⁸ ARR costing based on one step movement up to Step 9.

⁹ Not conducting ARR presents some employment relations risk relevant to 80 civil staff members - those on Part C of the NUPE and PSA CEAs, and those covered by the 2006 Individual Employment or Management Agreements (2006 IEAs and IMAs). More detail is provided at Annex D.

REM:2025 Exclusions

19. Due to funding allocations and organisational priorities in the B25 remuneration cost pressure bid, the following components were considered but not included in the REM:2025 proposals;

- a. Sector and Tier review 2026;¹⁰
- b. Military base salary increase; and
- c. Military Factor increase;

Communication

20. An internal and external communications plan is being developed by the People Capability Portfolio.

Consultation

21. Subject to ORG endorsement, DHR shall consult with the Public Service Commission as required by s45 and s70 of the Defence Act.

Recommendations

22. It is recommended that ORG:

- a. **note** the NZDF remuneration obligations, policies and principles at Annex A;
- b. **note** the 2025 market gaps detailed at Annex B;
- c. **note** the exclusions from REM:25;
- d. **note** that DHR shall consult with the Public Service Commission subject to ORG's endorsement and prior to EXCO and CDF consideration;
- e. **endorse** the non-discretionary items at para's 6 to 8 (remuneration authority, minimum wage and NZDF Health pay progression components), and Option One at para 11(a) civilian remuneration (for members of the Civil Staff and LECs) with an estimated cost up to \$8.3M;
- f. **endorse** the OEAPR funding envelope of \$18.3M and revised FY 25/26 OEAPR rates at Annex C.

s.9(2)(k)

J. FUNNELL

CPO

Annexes:

- A. NZDF remuneration obligations, policies and principles
- B. 2025 Market Gaps
- C. Proposed OEAPR Rates for FY 25/26
- D. ARR supporting guidance

¹⁰ Implementation of 2024 Sector and Tier review outcomes has also not been funded.

NZDF's obligations for undertaking remuneration reviews

1. With regard to members of the Civil Staff, CDF has all the rights, duties and powers of an employer. The individual employment agreements and DFO 3, Part 7, Chapter 4 require that the CDF undertake a remuneration review annually, in conjunction with a qualitative and quantitative performance review, to ensure that the member's remuneration reflects the value of their contribution.
2. Members of the Civil Staff are advised in their respective employment agreement that in respect of TR and salary reviews, there should be no expectation of an increase to their remuneration as a result of such reviews.
3. Separately, NZDF is required to negotiate pay with unions representing employees on collective employment agreements in accordance with s. 54 of the Employment Relations Act. The NZDF must also consult with the Public Service Commission (PSC) when negotiating collective agreements and allow the PSC to participate if they wish to.¹¹

Market Comparison (Fair Relativity) for Civilian Grades

4. The NZDF's policy is to benchmark base salaries for civilian grades¹² against the public sector median, with the Premium TR table benchmarked to the private sector median. The Sector F TR table is benchmarked to external Health New Zealand Collective agreements¹³. Although the aim is to have base salaries for all grades lifted and maintained at the relevant market median, historically fair relativity is considered as having base salary midpoints no more than 5% behind the median of the applicable market.
5. When creating new TR tables, 4% NZDF employer superannuation contribution is added back onto the adjusted base salary values.¹⁴
6. The base salary components of civilian TR values have been compared to the applicable 2025 market data and the tables depicting the market gap are contained in Annex B. The analysis highlights that whilst a small number of base salary midpoints are at or above the market median, the majority; (79%) of base salary midpoints are 5% or more behind.

Civilian Annual Remuneration Review (ARR)

23. The NZDF is required to undertake an ARR in accordance with the terms and conditions of employment of members of the civil staff. The purpose of the ARR is to ensure that the member is remunerated at the appropriate level based on the member's performance. A

¹¹ Section 70(2) of the Defence Act 1990

¹² Excluding civil staff under Collective Employment Agreements, where TR and salary tables are negotiated.

¹³ The Sector F TR table is one composite pay scale of 50 steps, with pay levels determined by a combination of years of clinical experience, post-graduate qualifications (including vocational and specialist registration) military skills, rank, organisational contribution and experience. Maximum pay steps for trades / professions within Health Sector F are reflective of MECAs, leadership and clinical responsibility. A number of collective agreements are yet to be settled any new pay ranges agreed will increase the market gaps we hold. With no unemployment in the health market we are at risk of being able to retain our staff.

¹⁴ LEC tables are base salary tables.

remuneration review does not necessarily mean that a member will receive a salary increase; it may simply confirm that the member is being remunerated, commensurate with their performance. Any review will be subject to organisational financial constraints, affordability, and prudent expenditure of public money.

24. In comparison to NZDF's obligations to members of the Civil Staff for TR and salary table reviews, the obligations underpinning performance reviews varies. The 2010 IEA enables CDF to determine there will be no ARR because of external financial constraints. The 2020 PSA (Part B), Part B NUPE (Part B) and DSA Collective Employment Agreements (CEAs) also incorporate the relevant clauses of the remuneration policy, or reference to the policy, and that any review is subject to organisational financial constraints, affordability, and prudent expenditure of public money.

NZDF Remuneration Principles

Simplicity

- The remuneration approach is simple in its structure and easy to understand.
- Duplication and complexity are reduced, creating a framework that is efficient to operate and administer.

Affordability

- All remuneration decisions are contingent on the availability of funds and prudent use of taxpayer money.
- The remuneration framework is fiscally sustainable so that ongoing costs can be satisfied within available funding.

Timeliness

- Remuneration decisions are made in a timely and responsive way in line with the remuneration review and budget cycles.
- The remuneration framework allows the NZDF to react to market forces in a sufficiently agile way.

Recognition

- Inherent military skills and the unique nature of military service are recognised.
- The attainment of skills and experience is valued and recognised.
- Performance is valued and recognised at levels within the NZDF where output is primarily reliant on the performance of the member.

Fairness

- Remuneration is sufficient enough to support the recruitment and retention of members of the NZDF while remaining fair to the taxpayer.
- Remuneration must maintain fair internal relativity, and relativity with levels in the wider market.

Equity

- The remuneration framework does not discriminate on the basis of gender, race or other irrelevant factors.
- Members of similar trades and ranks within and between single Services should be remunerated in a similar manner.

Accountability

- The NZDF is accountable to the Government for its remuneration expenditure and reports to Treasury, the PSC and other central agencies in a robust and timely manner.
- Remuneration decisions must be aligned to Government strategies and direction.
- Delegations are clear in order to ensure personnel funds are expended appropriately.

Transparency

- All members of the NZDF have ready access to clear and accurate information on how they are remunerated.
- Members of the NZDF have a clear understanding of, and confidence in, how the remuneration framework operates.

In addition to the above principles, the following also inform NZDF's remuneration framework:

- Military Factor recognises the nature and liability of military service, thereby making it unique to NZDF and a remunerative component that is not included when undertaking market benchmark comparisons. The exception to this is when assessing a member's remuneration against minimum and living wage increases, where base salary and military factor will form the comparator.
- The NZDF will continue to index base salary remuneration to the relevant market median.
- Remuneration increases on promotion will recognise the additional responsibilities of the higher rank but will also recognise that further remuneration is achievable through pay progression within the new rank as competency and experience is gained.
- Territorial Force members will be remunerated at an equitable level with members of the Regular Force.
- Remuneration decisions will be applied equitably across all members of the NZDF.

2025 MARKET GAPS

Key	
●	At or above market median
●	Within 5% of market median
●	5-10% below market median
●	10% or more below market median

Civilian IEA TR Table

Grade	HC	Current Base Salary Midpoint (Step 7)	Market Median Base Salary	RFM2025 Market gap	2% to Base Salary Midpoint (Step 7)	Remaining Market gap
00	47	\$62,308	\$60,422	● 3.12%	\$63,554	● 5.18%
9	64	\$63,509	\$64,468	● -1.49%	\$64,779	● 0.48%
10	93	\$65,948	\$68,865	● -4.24%	\$67,267	● -2.32%
11	64	\$68,870	\$73,439	● -6.22%	\$70,248	● -4.35%
12	138	\$71,822	\$78,903	● -8.97%	\$73,259	● -7.15%
13	55	\$75,857	\$84,412	● -10.14%	\$77,374	● -8.34%
14	133	\$80,688	\$91,022	● -11.35%	\$82,302	● -9.58%
15	170	\$84,963	\$97,298	● -12.68%	\$86,662	● -10.93%
16	150	\$91,779	\$104,600	● -12.26%	\$93,614	● -10.50%
17	125	\$99,143	\$112,372	● -11.77%	\$101,126	● -10.01%
18	167	\$106,196	\$119,976	● -11.49%	\$108,320	● -9.71%
19	108	\$112,647	\$128,479	● -12.32%	\$114,900	● -10.57%
20	129	\$119,751	\$137,755	● -13.07%	\$122,146	● -11.33%
21	97	\$129,383	\$148,593	● -12.93%	\$131,970	● -11.19%
22	54	\$140,947	\$161,274	● -12.60%	\$143,766	● -10.86%
23	71	\$153,617	\$175,162	● -12.30%	\$156,690	● -10.55%
24	23	\$167,007	\$189,956	● -12.08%	\$170,347	● -10.32%

Civilian IEA TR Table (SM Grades)

Grade	HC	Current Base Salary Midpoint (Step 7)	Market Median Base Salary	REM2025 Market gap	2% to Base Salary Midpoint (Step 7)	Remaining Market gap
SM1	50	\$171,082	\$200,612	● -14.72%	\$174,503	● -13.01%
SM2	17	\$196,445	\$236,093	● -16.79%	\$200,374	● -15.13%
SM3	9	\$222,885	\$268,029	● -16.84%	\$227,342	● -15.18%
SM4	3	\$259,273	\$313,769	● -17.37%	\$264,459	● -15.72%
SM5	0	\$305,690	\$360,021	● -15.09%	\$311,804	● -13.39%
SM6	2	\$336,926	\$384,196	● -12.30%	\$343,664	● -10.55%
SM7	0	\$417,297	\$525,300	● -20.56%	\$425,643	● -18.97%

Civilian Premium TR Table

Grade	HC	Current Base Salary Midpoint (Step 7)	Market Median Base Salary	REM2025 Market gap	2% to Base Salary Midpoint (Step 7)	Remaining Market gap
9	0	\$64,746	\$67,561	● -4.17%	\$66,041	● -2.25%
10	0	\$68,163	\$71,282	● -4.37%	\$69,527	● -2.46%
11	0	\$72,535	\$75,151	● -3.48%	\$73,985	● -1.55%
12	19	\$78,604	\$81,303	● -3.32%	\$80,176	● -1.39%
13	0	\$84,693	\$87,557	● -3.27%	\$86,387	● -1.34%
14	1	\$91,921	\$95,061	● -3.30%	\$93,760	● -1.97%
15	8	\$99,212	\$102,285	● -3.00%	\$101,196	● -1.06%
16	24	\$107,571	\$111,013	● -3.10%	\$109,723	● -1.16%
17	2	\$116,470	\$120,305	● -3.19%	\$118,800	● -1.25%
18	17	\$125,273	\$129,481	● -3.25%	\$127,779	● -1.31%
19	5	\$136,092	\$140,599	● -3.21%	\$138,814	● -1.27%
20	20	\$147,895	\$152,727	● -3.16%	\$150,853	● -1.23%
21	29	\$161,155	\$166,608	● -3.27%	\$164,378	● -1.34%
22	21	\$175,433	\$182,176	● -3.70%	\$178,941	● -1.78%
23	2	\$191,071	\$199,227	● -4.09%	\$194,893	● -2.18%
24	0	\$207,729	\$217,390	● -4.44%	\$211,883	● -2.53%

PSA Part B TR Table

Grade	HC	Current Base Salary Midpoint (Step 7)	Market Median Base Salary	REM2025 Market gap	2% to Base Salary Midpoint (Step 7)	Remaining Market gap
00	176	\$63,509	\$64,468	● -1.49%	\$64,779	● 0.48%
10	67	\$65,948	\$68,865	● -4.24%	\$67,267	● -2.32%
11	54	\$68,870	\$73,439	● -6.22%	\$70,248	● -4.35%
12	133	\$71,822	\$78,903	● -8.97%	\$73,259	● -7.15%
13	59	\$75,857	\$84,412	● -10.14%	\$77,374	● -8.34%
14	82	\$80,688	\$91,022	● -11.35%	\$82,302	● -9.58%
15	114	\$84,963	\$97,298	● -12.68%	\$86,662	● -10.93%
16	82	\$91,779	\$104,600	● -12.26%	\$93,614	● -10.50%
17	109	\$99,143	\$112,372	● -11.77%	\$101,126	● -10.01%
18	59	\$106,196	\$119,976	● -11.49%	\$108,320	● -9.71%
19	54	\$112,647	\$128,479	● -12.32%	\$114,900	● -10.57%
20	37	\$119,751	\$137,755	● -13.07%	\$122,146	● -11.33%

PSA Part C Salary Table

Grade	HC	Current Base Salary Midpoint (Step 7)	Market Median Base Salary	REM2025 Market gap	2% to Base Salary Midpoint (Step 7)	Remaining Market gap
00	27	\$60,302	\$68,865	● -12.44%	\$61,508	● -10.68%
11	0	\$61,471	\$73,439	● -16.30%	\$62,701	● -14.62%
12	5	\$64,838	\$78,903	● -17.83%	\$66,135	● -16.18%
13	1	\$68,427	\$84,412	● -18.94%	\$69,795	● -17.32%
14	1	\$72,861	\$91,022	● -19.95%	\$74,318	● -18.35%
15	0	\$76,719	\$97,298	● -21.15%	\$78,254	● -19.57%
16	0	\$81,971	\$104,600	● -21.63%	\$83,611	● -20.07%
17	1	\$87,835	\$112,372	● -21.84%	\$89,591	● -20.27%
18	0	\$93,997	\$119,976	● -21.65%	\$95,877	● -20.09%
19	0	\$100,854	\$128,479	● -21.50%	\$102,871	● -19.93%
20	0	\$106,438	\$137,755	● -22.73%	\$108,567	● -21.19%

NUPE Part C Salary Table

Grade	HC	Current Base Salary Midpoint (Step 7)	Market Median Base Salary	REM2025 Market gap	2% to Base Salary Midpoint (Step 7)	Remaining Market gap
00	1	\$60,250	\$64,468	● -6.54%	\$61,455	● -4.67%
10	2	\$61,487	\$68,865	● -10.71%	\$62,716	● -8.93%
11	0	\$62,926	\$73,439	● -14.32%	\$64,184	● -12.60%
12	0	\$66,412	\$78,903	● -15.83%	\$67,740	● -14.15%
13	0	\$70,058	\$84,412	● -17.00%	\$71,459	● -15.35%
14	0	\$74,602	\$91,022	● -18.04%	\$76,094	● -16.40%
15	0	\$77,265	\$97,298	● -20.59%	\$78,811	● -19.00%
16	0	\$82,775	\$104,600	● -20.86%	\$84,431	● -19.28%

NUPE Part B TR Table

Grade	HC	Current Base Salary Midpoint (Step 7)	Market Median Base Salary	REM2025 Market gap	2% to Base Salary Midpoint (Step 7)	Remaining Market gap
00	0	\$63,509	\$64,468	● -1.49%	\$64,779	● 0.48%
10	2	\$65,948	\$68,865	● -4.24%	\$67,267	● -2.32%
11	0	\$68,870	\$73,439	● -6.22%	\$70,248	● -4.35%
12	2	\$71,822	\$78,903	● -8.97%	\$73,259	● -7.15%
13	1	\$75,857	\$84,412	● -10.14%	\$77,374	● -8.34%
14	1	\$80,688	\$91,022	● -11.35%	\$82,302	● -9.58%
15	1	\$84,963	\$97,298	● -12.68%	\$86,662	● -10.93%
16	2	\$91,779	\$104,600	● -12.26%	\$93,614	● -10.50%
17	0	\$99,143	\$112,372	● -11.77%	\$101,126	● -10.01%
18	0	\$106,196	\$119,976	● -11.49%	\$108,320	● -9.71%
19	1	\$112,647	\$128,479	● -12.32%	\$114,900	● -10.57%
20	0	\$119,751	\$137,755	● -13.07%	\$122,146	● -11.33%

CIS TR Table

Grade	HC	Current Base Salary Midpoint (Step 7)	Market Median Base Salary	REM2025 Market gap	2% to Base Salary Midpoint (Step 7)	Remaining Market gap
ITC16AO	0	\$102,252	\$111,452	● -8.25%	\$104,297	● -6.42%

PSA Part B CIS TR Table

Grade	HC	Current Base Salary Midpoint (Step 7)	Market Median Base Salary	REM2025 Market gap	2% to Base Salary Midpoint (Step 7)	Remaining Market gap
ITC16PS	0	\$99,126	\$112,092	● -11.57%	\$101,108	● -9.80%
ITD16AO	1	\$100,530	\$114,059	● -11.86%	\$102,540	● -10.10%

PSA Health TR Table

Step	Civ HC	Current Base Sal Midpoint	Market Median Base Salary	REM2025 Market Gap	2% to Base Salary Midpoint	Remaining Market gap
1	0	\$60,863	\$75,773	● -24.50%	\$62,081	● -22.06%
2	0	\$67,570	\$77,087	● -14.08%	\$68,922	● -11.85%
3	0	\$72,216	\$79,385	● -9.93%	\$73,661	● -7.77%
4	0	\$77,554	\$81,683	● -5.32%	\$79,105	● -3.26%
5	0	\$82,883	\$85,134	● -2.72%	\$84,540	● -0.70%
6	0	\$88,992	\$88,627	● 0.41%	\$90,772	● 2.36%
7	1	\$91,868	\$91,179	● 0.75%	\$93,706	● 2.70%
8	2	\$94,563	\$94,394	● 0.18%	\$96,455	● 2.14%
9	4	\$96,340	\$96,008	● 0.35%	\$98,267	● 2.30%
10	2	\$99,390	\$100,163	● -0.78%	\$101,378	● 1.20%
11	1	\$100,915	\$103,750	● -2.81%	\$102,934	● -0.79%
12	1	\$102,440	\$104,794	● -2.30%	\$104,489	● -0.29%
13	0	\$103,965	\$106,197	● -2.15%	\$106,045	● -0.14%
14	0	\$105,490	\$107,600	● -2.00%	\$107,600	● 0.00%
15	0	\$107,016	\$110,210	● -2.98%	\$109,157	● -0.96%

Health TR Table

Step	Civ HC	Current Base Sal Midpoint	Market Median Base Salary	REM2025 Market Gap	2% to Base Salary Midpoint	Remaining Market gap
1	0	\$60,863	\$75,773	-24.50%	\$62,081	-22.06%
2	0	\$67,570	\$77,087	-14.08%	\$68,922	-11.85%
3	0	\$72,216	\$79,385	-9.93%	\$73,661	-7.77%
4	0	\$77,554	\$81,683	-5.32%	\$79,105	-3.26%
5	0	\$82,883	\$85,134	-2.72%	\$84,540	-0.70%
6	0	\$88,992	\$88,627	0.41%	\$90,772	2.36%
7	2	\$91,868	\$91,179	0.75%	\$93,706	2.70%
8	2	\$94,563	\$94,394	0.18%	\$96,455	2.14%
9	10	\$96,340	\$96,008	0.35%	\$98,267	2.30%
10	7	\$99,390	\$100,163	-0.78%	\$101,378	1.20%
11	2	\$100,915	\$103,750	-2.81%	\$102,934	-0.79%
12	2	\$102,440	\$104,794	-2.30%	\$104,489	-0.29%
13	0	\$103,965	\$106,197	-2.15%	\$106,045	-0.14%
14	0	\$105,490	\$107,600	-2.00%	\$107,600	0.00%
15	0	\$107,016	\$110,210	-2.98%	\$109,157	-0.96%
16	0	\$115,294	\$106,045	8.02%	\$117,600	9.83%
17	0	\$118,527	\$109,045	8.00%	\$120,897	9.80%
18	1	\$121,014	\$111,353	7.98%	\$123,435	9.79%
19	0	\$124,248	\$114,353	7.96%	\$126,733	9.77%
20	0	\$127,090	\$119,627	5.87%	\$129,632	7.72%
21	1	\$129,933	\$124,929	3.85%	\$132,531	5.74%
22	0	\$135,647	\$130,236	3.99%	\$138,360	5.87%
23	0	\$141,366	\$135,539	4.12%	\$144,194	6.00%
24	0	\$145,286	\$140,847	3.06%	\$148,191	4.96%
25	0	\$147,082	\$142,683	2.99%	\$150,023	4.89%
26	0	\$149,948	\$146,343	2.40%	\$152,947	4.32%
27	0	\$152,803	\$147,933	3.19%	\$155,859	5.09%
28	0	\$155,192	\$153,183	1.29%	\$158,296	3.23%
29	0	\$158,727	\$158,433	0.19%	\$161,901	2.14%
30	0	\$160,728	\$163,683	-1.84%	\$163,942	0.16%
31	0	\$166,030	\$168,933	-1.75%	\$169,350	0.25%
32	0	\$171,509	\$174,183	-1.56%	\$174,939	0.43%
33	0	\$176,754	\$179,433	-1.52%	\$180,289	0.47%
34	0	\$182,289	\$184,683	-1.31%	\$185,935	0.67%
35	0	\$184,621	\$189,933	-2.88%	\$188,314	-0.86%
36	0	\$189,282	\$195,183	-3.12%	\$193,067	-1.10%
37	1	\$193,070	\$200,433	-3.81%	\$196,932	-1.78%
38	0	\$195,110	\$205,683	-5.42%	\$199,012	-3.35%
39	0	\$200,938	\$208,980	-4.00%	\$204,956	-1.96%
40	0	\$206,765	\$210,933	-2.02%	\$210,901	-0.02%
41	10	\$212,593	\$214,880	-1.08%	\$216,845	0.91%
42	1	\$218,421	\$220,780	-1.08%	\$222,790	0.90%
43	0	\$224,247	\$226,680	-1.08%	\$228,732	0.90%
44	1	\$230,075	\$232,580	-1.09%	\$234,677	0.89%
45	1	\$235,906	\$238,480	-1.09%	\$240,624	0.89%
46	12	\$241,946	\$244,380	-1.01%	\$246,785	0.97%
47	1	\$250,183	\$250,280	-0.04%	\$255,186	1.92%
48	0	\$257,322	\$256,180	0.44%	\$262,469	2.40%
49	0	\$263,912	\$262,080	0.69%	\$269,190	2.64%
50	0	\$271,050	\$267,980	1.13%	\$276,471	3.07%





FY 25/26 OEAPR ALLOWANCE OUTCOMES

1. The OEAPR calculation model draws on a dataset for members of the RF that shows at the end of each month (of the preceding 12 months), whether an individual was residing in Service housing, Barrack accommodation, or non-NZDF accommodation. This dataset, when consolidated, informs the model as to how many FTE were in a particular posting region for the preceding 12 months and influences the resulting OEAPR rate calculations for each rank.
2. OEAPR rates for FY2025/26 have been endorsed by the Deputy Service Chiefs and are detailed in the table below.

OEAPR New Annual Rates - 2025/2026

Region	Auckland			Bay of Plenty			Gisborne			Hawke's Bay			Northland			Taranaki			Wellington		
Rank(E)	Current (2024/ 2025)	New (2025/ 2026)	Variance	Current (2024/ 2025)	New (2025/ 2026)	Variance	Current (2024/ 2025)	New (2025/ 2026)	Variance	Current (2024/ 2025)	New (2025/ 2026)	Variance	Current (2024/ 2025)	New (2025/ 2026)	Variance	Current (2024/ 2025)	New (2025/ 2026)	Variance	Current (2024/ 2025)	New (2025/ 2026)	Variance
PTE(E)	7,712	7,444	-268	5,258	6,979	1,721	3,856	4,654	798	3,154	4,654	1,500	1,050	1,395	345	1,050	-	-1,050	4,558	4,654	96
LCPL(E)	7,838	7,565	-273	5,343	7,093	1,750	3,919	4,729	810	3,205	4,729	1,524	1,067	1,418	351	1,067	-	-1,067	4,632	4,729	97
CPL(E)	9,515	9,185	-330	6,487	8,611	2,124	4,758	5,742	984	3,891	5,742	1,851	1,296	1,721	425	1,296	-	-1,296	5,624	5,742	118
SGT(E)	9,766	9,426	-340	6,657	8,837	2,180	4,883	5,893	1,010	3,994	5,893	1,899	1,330	1,767	437	1,330	-	-1,330	5,772	5,893	121
SSGT(E)	9,014	8,701	-313	6,145	8,158	2,013	4,507	5,440	933	3,686	5,440	1,754	1,228	1,631	403	1,228	-	-1,228	5,328	5,440	112
WO2/1(E)	7,888	7,614	-274	5,377	7,138	1,761	3,944	4,760	816	3,226	4,760	1,534	1,074	1,427	353	1,074	-	-1,074	4,662	4,760	98
OCOT(E)	5,208	5,027	-181	3,551	4,713	1,162	2,604	3,143	539	2,130	3,143	1,013	709	942	233	709	-	-709	3,078	3,143	65
2LT(E)	7,838	7,565	-273	5,343	7,093	1,750	3,919	4,729	810	3,205	4,729	1,524	1,067	1,418	351	1,067	-	-1,067	4,632	4,729	97
LT(E)	9,014	8,701	-313	6,145	8,158	2,013	4,507	5,440	933	3,686	5,440	1,754	1,228	1,631	403	1,228	-	-1,228	5,328	5,440	112
CAPT(E)	9,265	8,949	-322	6,316	8,384	2,068	4,632	5,591	959	3,789	5,591	1,802	1,262	1,676	414	1,262	-	-1,262	5,476	5,591	115
MAJ(E)	7,888	7,614	-274	5,377	7,138	1,761	3,944	4,760	816	3,226	4,760	1,534	1,074	1,427	353	1,074	-	-1,074	4,662	4,760	98

ARR SUPPORTING GUIDANCE

1. Commentary on each of the respective employment agreements as they relate to ARR is as follows:
 - a. **2010 IEA.** It could be reasonable for CDF to reach a decision that there will be no ARR because of external factors, as any review is subject to organisational financial constraints, affordability, and prudent expenditure of public money.
 - b. **2006 IEA and IMA.** Members of the Civil Staff employed on the 2006 IEA and 2006 IMA. These agreements do not have the same qualification regarding organisational financial constraints. s.9(2)(h)

 - c. Members are entitled to have an ARR. If their performance merits an increase to their pay step, then they are contractually entitled to move to the next pay step. The Salary Review Panel cannot refuse an increase in pay when there is a contractual entitlement, provided that they confirm the merit based performance recommendation for any employee on the 2006 employment agreements.
 - d. **PSA CEA Part B.** The wording in Part B of this CEA can effectively mean CDF can decide there will be no ARR.
 - e. **PSA CEA Part C.** s. 9(2)(g)(i)  While Part B of the CEA incorporates the NZDF remuneration policy (DFO 3), there is no equivalent clause in Part C. There is the potential that CDF may be required to conduct an ARR for Part C, but then decide only a modest, or no increase, in remuneration should be granted.
 - f. **NUPE Part B.** Remuneration policy and review are both subject to organisational financial constraints, affordability, and prudent expenditure of public money, and therefore CDF can decide there will be no ARR.
 - g. **NUPE Part C.** s. 9(2)(g)(i) , as the agreement predates the remuneration policy which enables CDF to take account of external financial shocks. The current remuneration policy in DFO 3 was promulgated in 2016 s. 9(2)(g)(i)  so, there is likely to be difficulty in applying the current policy and CDF discretion to not undertake an ARR to persons who are employed under NUPE Part C.
 - h. **DSA.** Remuneration policy and review are both subject to organisational financial constraints, affordability, and prudent expenditure of public money, and therefore CDF can decide there will be no ARR.

Part 2 – Non-discretionary, Civilian REM, and Bargaining (\$8.3M)

13. The summary of B25 funding allocations endorsed by the ORG Committee on 9 Jun 25 is as follows:

Components		Cost (\$M)
<i>Non Discretionary</i>	Min Wage 1 July 2025 - 30 June 26	s.9(2)(j)
<i>Non Discretionary</i>	Remuneration Authority	
<i>Non Discretionary</i>	Health Progression	
<i>Civilian pay</i>	2% Increase to base salary tables	
<i>Civilian pay</i>	LEC	
<i>Civilian pay</i>	Bargaining	
Total		8.3

14. Non-discretionary Items.

- Minimum Wage.** Funding of s.9(2)(j) for FY25/26 for the legislated 2025 \$23.50/hr rate and \$s.9(2)(j) for the delta in applying a potential new legislated rate (1.5% increase) from 1 Apr - 30 Jun 26. There is no funding provision to resolve the resultant compression to the respective remuneration tables;
- Remuneration Authority.** An estimated cost of \$s.9(2)(j) set aside to allow for remuneration uplifts directed by the Remuneration Authority; and
- NZDF Health (Sector F) Pay Progression.** Pay progression for Sector F military and civil staff members in accordance with an annual contractual entitlement for civil staff and a term and condition of service for armed forces health personnel.

15. **Civilian Remuneration.** A 2% Base salary table movement for members of the Civil Staff s.9(2)(j) and Locally Employed Civilians (LECs)¹s.9(2)(j). EXCO should note the following:

¹ Proposed LEC adjustments are based on inflation adjustments per country. Where there has been negative inflation the pay table will remain extant.

- a. The NZDF's remuneration obligations, policies and principles at Annex A s. 9(2)(g)(i)
 - b. ORG's decision reflects the fact that there is insufficient funding to cover both remuneration uplifts and ARR in a meaningful manner. This option provides an uplift to the base salary of all NZDF civilian remuneration tables, benefits the majority of civilian staff and aligns with the intent of reducing the market gap. s. 9(2)(g)(i)
 - c. The Terms of Settlement between the NZDF and its unions (DSA, PSA and NUPE) contain a provision that provides a framework and precondition around CDF being able to offer an increase to union and non-union members once Budget 25 becomes clear. s. 9(2)(g)(i)
- . This provision does not limit CDF's ability to increase pay for Civilian members on IEA's.

16. **Bargaining.** All three of our collective agreements expire in early 2026. s. 9(2)(g)(i)

17. **OEAPR.** EXCO is also requested to approve the existing OEAPR funding envelope of \$18.3M and revised FY 25/26 OEAPR rates. EXCO should note that in accordance with DFO 3, Part 8, Chapter 9, the NZDF Accommodation Assistance policy requires OEAPR rates to be reviewed annually. ORG endorsed the OEAPR Board determination to keep funding for OEAPR at \$18.3M; covered within the NZDF's existing PERSEX baseline. Revised OEAPR rates for FY2025/26 are at Annex C.

PERSONNEL SETTINGS

18. The following tables provides a summary of the following ORG Committee endorsed personnel settings for the current FY and those proposed for FY 25/26:

- a. Military price settings;
- b. Military volume settings;
- c. Civilian price settings;
- d. Civilian volume settings; and
- e. Other total workforce personnel settings.

19. At the beginning of FY 24/25, ORG proposed, and EXCO agreed, to a suite of settings to enable the management of the workforce within available funding. This worked well to enable ORG to manage NZDF's budget during the year.

PERSONNEL SETTINGS FOR FY 25/26

MILITARY PRICE Settings

EXCO Approved Current Setting FY24/25	ORG endorsements for FY 25/26
Sector / Tier review and adjustments Approved No review	APPROVED No review as this will be incorporated in the new Remuneration Framework.
Military Factor (Increase was paid from B24 provision) Approved the bid for further increase in B25. Allowances prioritised ahead of Military Factor increase.	APPROVED No increase
Allowances Approved the bid for full/ partial implementation of new framework in B25 (successful).	APPROVED: *Operational Allowances values uplift (interim) - \$12.10M, *Threat Hazard Environment Allowance implementation - \$6.10M, *Dislocation allowance implementation - \$4.80M, *Expatriate Allowance (Single & Accompanied) uplift - \$3.10M. ENDORSED IN PRINCIPLE: s.6(a)
Base Pay Approved nil increase, no bid for increase in B25	APPROVED No increase. B26 bid to unlock provision for FY26/27.
Minimum Wage Approved continuation of FY24/25 settings, fund adjustment to ensure all personnel are paid at least minimum wage, but do not fund removal of resulting compression.	APPROVED s.9(2)(j) (B25 funding) funding for minimum wage from 1 July 25 to 30 June 26
Leave Liability Approved continue to reduce leave balances. Review leave policies.	APPROVED Continue to reduce high leave balances.
Retention Payments. Not considered.	APPROVED. Committee agreed to proceed with retention schemes as presented at Special ORG on 22 May. CPO to work with Services to finalise costings and detail.
Overseas Allowances (Non-operational). Not considered.	APPROVED an uplift of \$3.1M allocated to increasing the Single and Accompanied Expatriate Allowance values by \$10,000 p.a (gross). Effective 1 July 2025.
OEAPR Approved extant funding allocation of \$18.3M for OEAPR for FY 25/26	APPROVED extant funding allocation of \$18.3M for OEAPR for FY 25/26.
Non-discretionary Remuneration Authority outcomes Approved funding for directed rem outcomes.	APPROVED s.9(2)(j) for remuneration uplifts directed by the Remuneration Authority

MILITARY VOLUME Settings

RF Growth Approved the RF growth by the Services as follows: 1) Navy \$5.3M, 2) Army \$3.0M, 3) Air \$2.9M	Recruit to levels provided in B25 and Service workforce plans. NOTED the intent for CFO and CPO to do further work on this.
Reduction of Military Approved No forced reduction of Military.	APPROVED No forced reduction of Military.
Job managed extensions Approved job managed extensions for Military, to be tactfully applied, only at the time of new appointments.	NOTED SAB are currently considering with regard to senior officers (a Decision document will be presented to the next SAB). NOTED Director CTM is currently reviewing and in some cases reducing posts based on length of vacancy (in consultation with Portfolio head).

CIVILIAN PRICE Settings

EXCO Approved Current Setting FY24/25	ORG Recommendation
Bargaining Approved s.9(2)(j) if funding is available. (Actual Bargaining costs were s.9(2)(j) FY24/25 for union members only (PSA, DSA and NUPE), 2. \$1000 increase to all NZDF civilian base salary remuneration tables. effective from 1 July 2024, 3. \$1500 allowance for Technical Trade Allowance - <u>Total: \$4.1M</u>	APPROVED s.9(2)(j) to be allocated to collective bargaining within FY 25/26.
Job sizing Approved job sizing for new roles created by the Workforce Savings Programme by restructure.	APPROVED Nil job sizing for existing roles; job sizing for new roles only.
ARR Approved Bid for B25 – choose the best combination of ARR and base pay to create maximum effect.	APPROVED No ARR. s. 9(2)(g)(i)
Base Pay Approved No increase to base pay. Increase of \$1000 was made as a result of bargaining.	APPROVED 2% increase to the base salary of NZDF civilian pay tables, including LEC tables. Effective 1 July 2025.
Non-discretionary NZDF Health (Sector F) Pay Progression Approved funding to meet annual contractual entitlements for pay progression for Sector F military and civil staff members.	APPROVED s.9(2)(j) for NZDF Health (Sector F) Pay Progression

CIVILIAN VOLUME Settings

Recruitment Agreed to an immediate civilian recruitment freeze, with a pathway to CPO for exceptions.	s. 9(2)(g)(i)
Voluntary Redundancy Approved a voluntary redundancy process to be repeated for civilian staff impacted by change to create opportunities for reassignment (i.e., not open to all staff).	APPROVED No further VR.

Forced Redundancy Approved in Q4 for those impacted by the Workforce Change Programme	APPROVED Remains an option - limited to specific change requirements.
Other Settings	
Personnel Caps Approved a continuation of the current FY24/25 settings whereby Personnel cap has been removed and Services and Portfolios manage within PERSEX budgets.	APPROVED No change.
Move budget between PERSEX and OPEX to balance in-year Endorsed no in-year movement of budget between PERSEX and OPEX to avoid creation of out-year operating cost pressures.	APPROVED No change.
Position Management Noted that Position Management from 01 July 2025 will be a positive outcome from the Workforce Savings Programme.	APPROVED No change as in-scope of current WF Savings Programme.

Communication

20. An internal and external communications plan for REM:25 is being developed by the People Capability Portfolio.

Consultation

21. DHR will consult with the Public Service Commission as required by s45 and s70 of the Defence Act and engage with unions representing NZDF civil staff members.

Recommendations

22. It is recommended that EXCO approve the following funding allocations for FY 25/26:

- a. **Approve** \$28.4M allocated to new and existing NZDF allowances (Operational Allowances \$12.10M, THEA \$6.1M, Dislocation \$4.8M, Expatriate Allowance \$3.1M & Implementation/Contingency **\$3.59M**);
- b. **Approve** s.6(a)
- c. **Approve** the extant funding allocation of \$18.3M for the OEAPR Allowance and the revised rates at Annex C.
- d. **Approve** s.9(2)(i) allocated to non-discretionary remuneration outcomes (Minimum Wage s.9(2)(i); Rem Auth determinations s.9(2)(i) Health Progression s.9(2)(i));
- e. **Approve** s.9(2)(i) allocation to a base salary increase to NZDF civilian pay tables (2%) and Locally Employed Civilians (in line with inflation in host-country);
- f. **Approve** s.9(2)(i) allocated to collective bargaining outcomes.
- g. **Approve** the military and civil staff personnel settings as detailed in this paper.

J. FUNNELL
CPO

Annexes:

- A. NZDF remuneration obligations, policies and principles
- B. 2025 Market Gaps
- C. Proposed OEAPR Rates for FY 25/26
- D. ARR supporting guidance

NZDF's obligations for undertaking remuneration reviews

1. With regard to members of the Civil Staff, CDF has all the rights, duties and powers of an employer. The individual employment agreements and DFO 3, Part 7, Chapter 4 require that the CDF undertake a remuneration review annually, in conjunction with a qualitative and quantitative performance review, to ensure that the member's remuneration reflects the value of their contribution.
2. Members of the Civil Staff are advised in their respective employment agreement that in respect of TR and salary reviews, there should be no expectation of an increase to their remuneration as a result of such reviews.
3. Separately, NZDF is required to negotiate pay with unions representing employees on collective employment agreements in accordance with s. 54 of the Employment Relations Act. The NZDF must also consult with the Public Service Commission (PSC) when negotiating collective agreements and allow the PSC to participate if they wish to.²

Market Comparison (Fair Relativity) for Civilian Grades

4. The NZDF's policy is to benchmark base salaries for civilian grades³ against the public sector median, with the Premium TR table benchmarked to the private sector median. The Sector F TR table is benchmarked to external Health New Zealand Collective agreements⁴. Although the aim is to have base salaries for all grades lifted and maintained at the relevant market median, historically fair relativity is considered as having base salary midpoints no more than 5% behind the median of the applicable market.
5. When creating new TR tables, 4% NZDF employer superannuation contribution is added back onto the adjusted base salary values.⁵
6. The base salary components of civilian TR values have been compared to the applicable 2025 market data and the tables depicting the market gap are contained in Annex B. The analysis highlights that whilst a small number of base salary midpoints are at or above the market median, the majority; (79%) of base salary midpoints are 5% or more behind.

Civilian Annual Remuneration Review (ARR)

23. The NZDF is required to undertake an ARR in accordance with the terms and conditions of employment of members of the civil staff. The purpose of the ARR is to ensure that the member is remunerated at the appropriate level based on the member's performance. A

² Section 70(2) of the Defence Act 1990

³ Excluding civil staff under Collective Employment Agreements, where TR and salary tables are negotiated.

⁴ The Sector F TR table is one composite pay scale of 50 steps, with pay levels determined by a combination of years of clinical experience, post-graduate qualifications (including vocational and specialist registration) military skills, rank, organisational contribution and experience. Maximum pay steps for trades / professions within Health Sector F are reflective of MECAs, leadership and clinical responsibility. A number of collective agreements are yet to be settled any new pay ranges agreed will increase the market gaps we hold. With no unemployment in the health market we are at risk of being able to retain our staff.

⁵ LEC tables are base salary tables.

remuneration review does not necessarily mean that a member will receive a salary increase; it may simply confirm that the member is being remunerated, commensurate with their performance. Any review will be subject to organisational financial constraints, affordability, and prudent expenditure of public money.

24. In comparison to NZDF's obligations to members of the Civil Staff for TR and salary table reviews, the obligations underpinning performance reviews varies. The 2010 IEA enables CDF to determine there will be no ARR because of external financial constraints. The 2020 PSA (Part B), Part B NUPE (Part B) and DSA Collective Employment Agreements (CEAs) also incorporate the relevant clauses of the remuneration policy, or reference to the policy, and that any review is subject to organisational financial constraints, affordability, and prudent expenditure of public money.

NZDF Remuneration Principles

Simplicity

- The remuneration approach is simple in its structure and easy to understand.
- Duplication and complexity are reduced, creating a framework that is efficient to operate and administer.

Affordability

- All remuneration decisions are contingent on the availability of funds and prudent use of taxpayer money.
- The remuneration framework is fiscally sustainable so that ongoing costs can be satisfied within available funding.

Timeliness

- Remuneration decisions are made in a timely and responsive way in line with the remuneration review and budget cycles.
- The remuneration framework allows the NZDF to react to market forces in a sufficiently agile way.

Recognition

- Inherent military skills and the unique nature of military service are recognised.
- The attainment of skills and experience is valued and recognised.
- Performance is valued and recognised at levels within the NZDF where output is primarily reliant on the performance of the member.

Fairness

- Remuneration is sufficient enough to support the recruitment and retention of members of the NZDF while remaining fair to the taxpayer.
- Remuneration must maintain fair internal relativity, and relativity with levels in the wider market.

Equity

- The remuneration framework does not discriminate on the basis of gender, race or other irrelevant factors.
- Members of similar trades and ranks within and between single Services should be remunerated in a similar manner.

Accountability

- The NZDF is accountable to the Government for its remuneration expenditure and reports to Treasury, the PSC and other central agencies in a robust and timely manner.
- Remuneration decisions must be aligned to Government strategies and direction.
- Delegations are clear in order to ensure personnel funds are expended appropriately.

Transparency

- All members of the NZDF have ready access to clear and accurate information on how they are remunerated.
- Members of the NZDF have a clear understanding of, and confidence in, how the remuneration framework operates.

In addition to the above principles, the following also inform NZDF's remuneration framework:

- Military Factor recognises the nature and liability of military service, thereby making it unique to NZDF and a remunerative component that is not included when undertaking market benchmark comparisons. The exception to this is when assessing a member's remuneration against minimum and living wage increases, where base salary and military factor will form the comparator.
- The NZDF will continue to index base salary remuneration to the relevant market median.
- Remuneration increases on promotion will recognise the additional responsibilities of the higher rank but will also recognise that further remuneration is achievable through pay progression within the new rank as competency and experience is gained.
- Territorial Force members will be remunerated at an equitable level with members of the Regular Force.
- Remuneration decisions will be applied equitably across all members of the NZDF.

2025 MARKET GAPS

Key	
●	At or above market median
●	Within 5% of market median
●	5-10% below market median
●	10% or more below market median

Civilian IEA TR Table

Grade	HC	Current Base Salary Midpoint (Step 7)	Market Median Base Salary	REM2025 Market gap	2% to Base Salary Midpoint (Step 7)	Remaining Market gap
00	47	\$62,308	\$60,422	● 3.12%	\$63,554	● 5.18%
9	64	\$63,509	\$64,468	● -1.49%	\$64,779	● 0.48%
10	93	\$65,948	\$68,865	● -4.24%	\$67,267	● -2.32%
11	64	\$68,870	\$73,439	● -6.22%	\$70,248	● -4.35%
12	138	\$71,822	\$78,903	● -8.97%	\$73,259	● -7.15%
13	55	\$75,857	\$84,412	● -10.14%	\$77,374	● -8.34%
14	133	\$80,688	\$91,022	● -11.35%	\$82,302	● -9.58%
15	170	\$84,963	\$97,298	● -12.68%	\$86,662	● -10.93%
16	150	\$91,779	\$104,600	● -12.26%	\$93,614	● -10.50%
17	125	\$99,143	\$112,372	● -11.77%	\$101,126	● -10.01%
18	167	\$106,196	\$119,976	● -11.49%	\$108,320	● -9.71%
19	108	\$112,647	\$128,479	● -12.32%	\$114,900	● -10.57%
20	129	\$119,751	\$137,755	● -13.07%	\$122,146	● -11.33%
21	97	\$129,383	\$148,593	● -12.93%	\$131,970	● -11.19%
22	54	\$140,947	\$161,274	● -12.60%	\$143,766	● -10.86%
23	71	\$153,617	\$175,162	● -12.30%	\$156,690	● -10.55%
24	23	\$167,007	\$189,956	● -12.08%	\$170,347	● -10.32%

Civilian IEA TR Table (SM Grades)

Grade	HC	Current Base Salary Midpoint (Step 7)	Market Median Base Salary	REM2025 Market gap	2% to Base Salary Midpoint (Step 7)	Remaining Market gap
SM1	50	\$171,082	\$200,612	● -14.72%	\$174,503	● -13.01%
SM2	17	\$196,445	\$236,093	● -16.79%	\$200,374	● -15.13%
SM3	9	\$222,885	\$268,029	● -16.84%	\$227,342	● -15.18%
SM4	3	\$259,273	\$313,769	● -17.37%	\$264,459	● -15.72%
SM5	0	\$305,690	\$360,021	● -15.09%	\$311,804	● -13.39%
SM6	2	\$336,926	\$384,196	● -12.30%	\$343,664	● -10.55%
SM7	0	\$417,297	\$525,300	● -20.56%	\$425,643	● -18.97%

Civilian Premium TR Table

Grade	HC	Current Base Salary Midpoint (Step 7)	Market Median Base Salary	REM2025 Market gap	2% to Base Salary Midpoint (Step 7)	Remaining Market gap
9	0	\$64,746	\$67,561	● -4.17%	\$66,041	● -2.25%
10	0	\$68,163	\$71,282	● -4.37%	\$69,527	● -2.46%
11	0	\$72,535	\$75,151	● -3.48%	\$73,985	● -1.55%
12	19	\$78,604	\$81,303	● -3.32%	\$80,176	● -1.39%
13	0	\$84,693	\$87,557	● -3.27%	\$86,387	● -1.34%
14	1	\$91,921	\$95,061	● -3.30%	\$93,760	● -1.37%
15	8	\$99,212	\$102,285	● -3.00%	\$101,196	● -1.06%
16	24	\$107,571	\$111,013	● -3.10%	\$109,723	● -1.16%
17	2	\$116,470	\$120,305	● -3.19%	\$118,800	● -1.25%
18	17	\$125,273	\$129,481	● -3.25%	\$127,779	● -1.31%
19	5	\$136,092	\$140,599	● -3.21%	\$138,814	● -1.27%
20	20	\$147,895	\$152,727	● -3.16%	\$150,853	● -1.23%
21	29	\$161,155	\$166,608	● -3.27%	\$164,378	● -1.34%
22	21	\$175,433	\$182,176	● -3.70%	\$178,941	● -1.78%
23	2	\$191,071	\$199,227	● -4.09%	\$194,893	● -2.18%
24	0	\$207,729	\$217,390	● -4.44%	\$211,883	● -2.53%

PSA Part B TR Table

Grade	HC	Current Base Salary Midpoint (Step 7)	Market Median Base Salary	REM2025 Market gap	2% to Base Salary Midpoint (Step 7)	Remaining Market gap
00	176	\$63,509	\$64,468	● -1.49%	\$64,779	● 0.48%
10	67	\$65,948	\$68,865	● -4.24%	\$67,267	● -2.32%
11	54	\$68,870	\$73,439	● -6.22%	\$70,248	● -4.35%
12	133	\$71,822	\$78,903	● -8.97%	\$73,259	● -7.15%
13	59	\$75,857	\$84,412	● -10.14%	\$77,374	● -8.34%
14	82	\$80,688	\$91,022	● -11.35%	\$82,302	● -9.58%
15	114	\$84,963	\$97,298	● -12.68%	\$86,662	● -10.93%
16	82	\$91,779	\$104,600	● -12.26%	\$93,614	● -10.50%
17	109	\$99,143	\$112,372	● -11.77%	\$101,126	● -10.01%
18	59	\$106,196	\$119,976	● -11.49%	\$108,320	● -9.71%
19	54	\$112,647	\$128,479	● -12.32%	\$114,900	● -10.57%
20	37	\$119,751	\$137,755	● -13.07%	\$122,146	● -11.33%

PSA Part C Salary Table

Grade	HC	Current Base Salary Midpoint (Step 7)	Market Median Base Salary	REM2025 Market gap	2% to Base Salary Midpoint (Step 7)	Remaining Market gap
00	27	\$60,302	\$68,865	● -12.44%	\$61,508	● -10.68%
11	0	\$61,471	\$73,439	● -16.30%	\$62,701	● -14.62%
12	5	\$64,838	\$78,903	● -17.83%	\$66,135	● -16.18%
13	1	\$68,427	\$84,412	● -18.94%	\$69,795	● -17.32%
14	1	\$72,861	\$91,022	● -19.95%	\$74,318	● -18.35%
15	0	\$76,719	\$97,298	● -21.15%	\$78,254	● -19.57%
16	0	\$81,971	\$104,600	● -21.63%	\$83,611	● -20.07%
17	1	\$87,835	\$112,372	● -21.84%	\$89,591	● -20.27%
18	0	\$93,997	\$119,976	● -21.65%	\$95,877	● -20.09%
19	0	\$100,854	\$128,479	● -21.50%	\$102,871	● -19.93%
20	0	\$106,438	\$137,755	● -22.73%	\$108,567	● -21.19%

NUPE Part C Salary Table

Grade	HC	Current Base Salary Midpoint (Step 7)	Market Median Base Salary	REM2025 Market gap	2% to Base Salary Midpoint (Step 7)	Remaining Market gap
00	1	\$60,250	\$64,468	● -6.54%	\$61,455	● -4.67%
10	2	\$61,487	\$68,865	● -10.71%	\$62,716	● -8.93%
11	0	\$62,926	\$73,439	● -14.32%	\$64,184	● -12.60%
12	0	\$66,412	\$78,903	● -15.83%	\$67,740	● -14.15%
13	0	\$70,058	\$84,412	● -17.00%	\$71,459	● -15.35%
14	0	\$74,602	\$91,022	● -18.04%	\$76,094	● -16.40%
15	0	\$77,265	\$97,298	● -20.59%	\$78,811	● -19.00%
16	0	\$82,775	\$104,600	● -20.86%	\$84,431	● -19.28%

NUPE Part B TR Table

Grade	HC	Current Base Salary Midpoint (Step 7)	Market Median Base Salary	REM2025 Market gap	2% to Base Salary Midpoint (Step 7)	Remaining Market gap
00	0	\$63,509	\$64,468	● -1.49%	\$64,779	● 0.48%
10	2	\$65,948	\$68,865	● -4.24%	\$67,267	● -2.32%
11	0	\$68,870	\$73,439	● -6.22%	\$70,248	● -4.35%
12	2	\$71,822	\$78,903	● -8.97%	\$73,259	● -7.15%
13	1	\$75,857	\$84,412	● -10.14%	\$77,374	● -8.34%
14	1	\$80,688	\$91,022	● -11.35%	\$82,302	● -9.58%
15	1	\$84,963	\$97,298	● -12.68%	\$86,662	● -10.93%
16	2	\$91,779	\$104,600	● -12.26%	\$93,614	● -10.50%
17	0	\$99,143	\$112,372	● -11.77%	\$101,126	● -10.01%
18	0	\$106,196	\$119,976	● -11.49%	\$108,320	● -9.71%
19	1	\$112,647	\$128,479	● -12.32%	\$114,900	● -10.57%
20	0	\$119,751	\$137,755	● -13.07%	\$122,146	● -11.33%

CIS TR Table

Grade	HC	Current Base Salary Midpoint (Step 7)	Market Median Base Salary	REM2025 Market gap	2% to Base Salary Midpoint (Step 7)	Remaining Market gap
ITC16AO	0	\$102,252	\$111,452	● -8.25%	\$104,297	● -6.42%

PSA Part B CIS TR Table

Grade	HC	Current Base Salary Midpoint (Step 7)	Market Median Base Salary	REM2025 Market gap	2% to Base Salary Midpoint (Step 7)	Remaining Market gap
ITC16PS	0	\$99,126	\$112,092	● -11.57%	\$101,108	● -9.80%
ITD16AO	1	\$100,530	\$114,059	● -11.86%	\$102,540	● -10.10%

PSA Health TR Table

Step	Civ HC	Current Base Sal Midpoint	Market Median Base Salary	REM2025 Market Gap	2% to Base Salary Midpoint	Remaining Market gap
1	0	\$60,863	\$75,773	● -24.50%	\$62,081	● -22.06%
2	0	\$67,570	\$77,087	● -14.08%	\$68,922	● -11.85%
3	0	\$72,216	\$79,385	● -9.93%	\$73,661	● -7.77%
4	0	\$77,554	\$81,683	● -5.32%	\$79,105	● -3.26%
5	0	\$82,883	\$85,134	● -2.72%	\$84,540	● -0.70%
6	0	\$88,992	\$88,627	● 0.41%	\$90,772	● 2.36%
7	1	\$91,868	\$91,179	● 0.75%	\$93,706	● 2.70%
8	2	\$94,563	\$94,394	● 0.18%	\$96,455	● 2.14%
9	4	\$96,340	\$96,008	● 0.35%	\$98,267	● 2.30%
10	2	\$99,390	\$100,163	● -0.78%	\$101,378	● 1.20%
11	1	\$100,915	\$103,750	● -2.81%	\$102,934	● -0.79%
12	1	\$102,440	\$104,794	● -2.30%	\$104,489	● -0.29%
13	0	\$103,965	\$106,197	● -2.15%	\$106,045	● -0.14%
14	0	\$105,490	\$107,600	● -2.00%	\$107,600	● 0.00%
15	0	\$107,016	\$110,210	● -2.98%	\$109,157	● -0.96%

Health TR Table

Step	Civ HC	Current Base Sal Midpoint	Market Median Base Salary	REM2025 Market Gap	2% to Base Salary Midpoint	Remaining Market gap
1	0	\$60,863	\$75,773	● -24.50%	\$62,081	● -22.06%
2	0	\$67,570	\$77,087	● -14.08%	\$68,922	● -11.85%
3	0	\$72,216	\$79,385	● -9.93%	\$73,661	● -7.77%
4	0	\$77,554	\$81,683	● -5.32%	\$79,105	● -3.26%
5	0	\$82,883	\$85,134	● -2.72%	\$84,540	● -0.70%
6	0	\$88,992	\$88,627	● 0.41%	\$90,772	● 2.36%
7	2	\$91,868	\$91,179	● 0.75%	\$93,706	● 2.70%
8	2	\$94,563	\$94,394	● 0.18%	\$96,455	● 2.14%
9	10	\$96,340	\$96,008	● 0.35%	\$98,267	● 2.30%
10	7	\$99,390	\$100,163	● -0.78%	\$101,378	● 1.20%
11	2	\$100,915	\$103,750	● -2.81%	\$102,934	● -0.79%
12	2	\$102,440	\$104,794	● -2.30%	\$104,489	● -0.29%
13	0	\$103,965	\$106,197	● -2.15%	\$106,045	● -0.14%
14	0	\$105,490	\$107,600	● -2.00%	\$107,600	● 0.00%
15	0	\$107,016	\$110,210	● -2.98%	\$109,157	● -0.96%
16	0	\$115,294	\$106,045	● 8.02%	\$117,600	● 9.83%
17	0	\$118,527	\$109,045	● 8.00%	\$120,897	● 9.80%
18	1	\$121,014	\$111,353	● 7.98%	\$123,435	● 9.79%
19	0	\$124,248	\$114,353	● 7.96%	\$126,733	● 9.77%
20	0	\$127,090	\$119,627	● 5.87%	\$129,632	● 7.72%
21	1	\$129,933	\$124,929	● 3.85%	\$132,531	● 5.74%
22	0	\$135,647	\$130,236	● 3.99%	\$138,360	● 5.87%
23	0	\$141,366	\$135,539	● 4.12%	\$144,194	● 6.00%
24	0	\$145,286	\$140,847	● 3.06%	\$148,191	● 4.96%
25	0	\$147,082	\$142,683	● 2.99%	\$150,023	● 4.89%
26	0	\$149,948	\$146,343	● 2.40%	\$152,947	● 4.32%
27	0	\$152,803	\$147,933	● 3.19%	\$155,859	● 5.09%
28	0	\$155,192	\$153,183	● 1.29%	\$158,296	● 3.23%
29	0	\$158,727	\$158,433	● 0.19%	\$161,901	● 2.14%
30	0	\$160,728	\$163,683	● -1.84%	\$163,942	● 0.16%
31	0	\$166,030	\$168,933	● -1.75%	\$169,350	● 0.25%
32	0	\$171,509	\$174,183	● -1.56%	\$174,939	● 0.43%
33	0	\$176,754	\$179,433	● -1.52%	\$180,289	● 0.47%
34	0	\$182,289	\$184,683	● -1.31%	\$185,935	● 0.67%
35	0	\$184,621	\$189,933	● -2.88%	\$188,314	● -0.86%
36	0	\$189,282	\$195,183	● -3.12%	\$193,067	● -1.10%
37	1	\$193,070	\$200,433	● -3.81%	\$196,932	● -1.78%
38	0	\$195,110	\$205,683	● -5.42%	\$199,012	● -3.35%
39	0	\$200,938	\$208,980	● -4.00%	\$204,956	● -1.96%
40	0	\$206,765	\$210,933	● -2.02%	\$210,901	● -0.02%
41	10	\$212,593	\$214,880	● -1.08%	\$216,845	● 0.91%
42	1	\$218,421	\$220,780	● -1.08%	\$222,790	● 0.90%
43	0	\$224,247	\$226,680	● -1.08%	\$228,732	● 0.90%
44	1	\$230,075	\$232,580	● -1.09%	\$234,677	● 0.89%
45	1	\$235,906	\$238,480	● -1.09%	\$240,624	● 0.89%
46	12	\$241,946	\$244,380	● -1.01%	\$246,785	● 0.97%
47	1	\$250,183	\$250,280	● -0.04%	\$255,186	● 1.92%
48	0	\$257,322	\$256,180	● 0.44%	\$262,469	● 2.40%
49	0	\$263,912	\$262,080	● 0.69%	\$269,190	● 2.64%
50	0	\$271,050	\$267,980	● 1.13%	\$276,471	● 3.07%

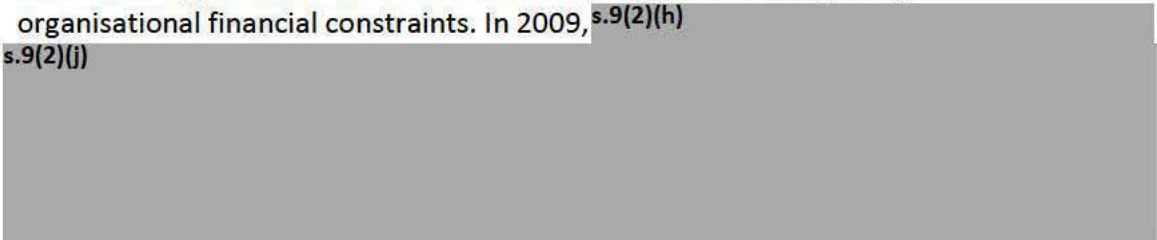



FY 25/26 OEAPR ALLOWANCE OUTCOMES

1. The OEAPR calculation model draws on a dataset for members of the RF that shows at the end of each month (of the preceding 12 months), whether an individual was residing in Service housing, Barrack accommodation, or non-NZDF accommodation. This dataset, when consolidated, informs the model as to how many FTE were in a particular posting region for the preceding 12 months and influences the resulting OEAPR rate calculations for each rank.
2. OEAPR rates for FY2025/26 have been endorsed by the Deputy Service Chiefs and are detailed in the table below.

OEAPR New Annual Rates - 2025/2026

Region	Auckland			Bay of Plenty			Gisborne			Hawke's Bay			Northland			Taranaki			Wellington		
Rank(E)	Current (2024 / 2025)	New (2025 / 2026)	Variance	Current (2024 / 2025)	New (2025 / 2026)	Variance	Current (2024 / 2025)	New (2025 / 2026)	Variance	Current (2024 / 2025)	New (2025 / 2026)	Variance	Current (2024 / 2025)	New (2025 / 2026)	Variance	Current (2024 / 2025)	New (2025 / 2026)	Variance	Current (2024 / 2025)	New (2025 / 2026)	Variance
PTE(E)	7,712	7,444	-268	5,258	6,979	1,721	3,856	4,654	798	3,154	4,654	1,500	1,050	1,395	345	1,050	-	-1,050	4,558	4,654	96
LCPL(E)	7,838	7,565	-273	5,343	7,093	1,750	3,919	4,729	810	3,205	4,729	1,524	1,067	1,418	351	1,067	-	-1,067	4,632	4,729	97
CPL(E)	9,515	9,185	-330	6,487	8,611	2,124	4,758	5,742	984	3,891	5,742	1,851	1,296	1,721	425	1,296	-	-1,296	5,624	5,742	118
SGT(E)	9,766	9,426	-340	6,657	8,837	2,180	4,883	5,893	1,010	3,994	5,893	1,899	1,330	1,767	437	1,330	-	-1,330	5,772	5,893	121
SSGT(E)	9,014	8,701	-313	6,145	8,158	2,013	4,507	5,440	933	3,686	5,440	1,754	1,228	1,631	403	1,228	-	-1,228	5,328	5,440	112
WO2/1(E)	7,888	7,614	-274	5,377	7,138	1,761	3,944	4,760	816	3,226	4,760	1,534	1,074	1,427	353	1,074	-	-1,074	4,662	4,760	98
OCDT(E)	5,208	5,027	-181	3,551	4,713	1,162	2,604	3,143	539	2,130	3,143	1,013	709	942	233	709	-	-709	3,078	3,143	65
2LT(E)	7,838	7,565	-273	5,343	7,093	1,750	3,919	4,729	810	3,205	4,729	1,524	1,067	1,418	351	1,067	-	-1,067	4,632	4,729	97
LT(E)	9,014	8,701	-313	6,145	8,158	2,013	4,507	5,440	933	3,686	5,440	1,754	1,228	1,631	403	1,228	-	-1,228	5,328	5,440	112
CAPT(E)	9,265	8,943	-322	6,316	8,384	2,068	4,632	5,591	959	3,789	5,591	1,802	1,262	1,676	414	1,262	-	-1,262	5,476	5,591	115
MAJ(E)	7,888	7,614	-274	5,377	7,138	1,761	3,944	4,760	816	3,226	4,760	1,534	1,074	1,427	353	1,074	-	-1,074	4,662	4,760	98

ARR SUPPORTING GUIDANCE

1. Commentary on each of the respective employment agreements as they relate to ARR is as follows:
 - a. **2010 IEA.** It could be reasonable for CDF to reach a decision that there will be no ARR because of external factors, as any review is subject to organisational financial constraints, affordability, and prudent expenditure of public money.
 - b. **2006 IEA and IMA.** Members of the Civil Staff employed on the 2006 IEA and 2006 IMA. These agreements do not have the same qualification regarding organisational financial constraints. In 2009, s.9(2)(h)
s.9(2)(j)

 - c. Members are entitled to have an ARR. If their performance merits an increase to their pay step, then they are contractually entitled to move to the next pay step. The Salary Review Panel cannot refuse an increase in pay when there is a contractual entitlement, provided that they confirm the merit based performance recommendation for any employee on the 2006 employment agreements.
 - d. **PSA CEA Part B.** The wording in Part B of this CEA can effectively mean CDF can decide there will be no ARR.
 - e. **PSA CEA Part C.** s. 9(2)(g)(i) . While Part B of the CEA incorporates the NZDF remuneration policy (DFO 3), there is no equivalent clause in Part C. There is the potential that CDF may be required to conduct an ARR for Part C, but then decide only a modest, or no increase, in remuneration should be granted.
 - f. **NUPE Part B.** Remuneration policy and review are both subject to organisational financial constraints, affordability, and prudent expenditure of public money, and therefore CDF can decide there will be no ARR.
 - g. **NUPE Part C.** s. 9(2)(g)(i) , as the agreement predates the remuneration policy which enables CDF to take account of external financial shocks. The current remuneration policy in DFO 3 was promulgated in 2016 s. 9(2)(g)(i) ; so, there is likely to be difficulty in applying the current policy and CDF discretion to not undertake an ARR to persons who are employed under NUPE Part C.
 - h. **DSA.** Remuneration policy and review are both subject to organisational financial constraints, affordability, and prudent expenditure of public money, and therefore CDF can decide there will be no ARR.