

1 August 2025

The Hon. Jim Chalmers MP Treasurer

Senator the Hon Katy Gallagher Minister for Finance

CC: The Hon Amanda Rishworth MP, Minister for Employment and Workplace Relations

Dear Treasurer and Minister for Finance,

Identifying regulatory reform opportunities

Thank you for your correspondence of 4 July 2025 seeking information on regulatory reform opportunities within the Fair Work Commission (Commission) to support productivity growth.

The Commission is the independent national workplace relations tribunal and the regulator of registered organisations (i.e. employer organisations and unions). The Commission is responsible for administering provisions of the *Fair Work Act 2009* (FW Act) and the *Fair Work (Registered Organisations) Act 2009* (RO Act). The Commission also has powers under the *Net Zero Economy Authority Act 2024* (NZEA Act).

Background

As the General Manager of the Commission, I have two distinct statutory roles. They are outlined briefly below.

General Manager of the Fair Work Commission

I am the Agency Head and Accountable Authority for the Commission. Pursuant to section 657 of the FW Act, I am required to assist the President to ensure that the Commission performs its functions and exercises its powers.

The Commission's functions include:

- setting and varying minimum wages and modern awards and making minimum standards for some workers and contractors
- facilitating collective bargaining and approving agreements
- dealing with disputes including unfair dismissal, general protections, workplace bullying and sexual harassment and certain other workplace disputes.



National regulator of registered organisations

Independent of and separate to my functions under the FW Act, I am also the statutory regulator of federally registered employee and employer representative organisations (registered organisations) under the RO Act.

As General Manager, my regulatory functions include:

- promoting efficient management of registered organisations and high standards of accountability of organisations and their office holders to their members
- providing education, assistance and advice to registered organisations and their members
- monitoring acts and practices within registered organisations to ensure they comply with the provisions of the RO Act and providing for the democratic functioning and control of organisations.

Substantial, material and measurable actions to support productivity

In response to your request, I have identified opportunities that exist in each of my statutory roles under the FW Act and RO Act. They are addressed separately below.

Fair Work Act 2009

Operating environment

In 2024-25, the Commission received approximately 44,000 applications. This represents an increase of approximately 25% above the institution's 5-year average. The vast majority of these applications related to individual rights-based jurisdictions.

Our processes are designed to be low cost, quick, simple, fair and flexible to minimise the burden on parties – both employers and employees. They facilitate early informal resolution. For the period 1 July 2024 – 30 June 2025:

- 50% of all cases were finalised within 5 weeks of lodgement
- 90% of all cases were finalised within 12 weeks of lodgement
- There was a positive user experience rating of 87% (from 5 metrics across 3 feedback channels for unfair dismissal, general protections and our Workplace Advice Service).

Described below are opportunities we have identified within our administrative, or case management areas. They do not extend to determinative matters that are dealt with by Commission Members.

Tangible opportunities within existing resources

Working closely with key stakeholders

The Commission works closely with key stakeholders on an ongoing basis to co-design and refine case management practices and our supporting materials. Our formal stakeholder groups include the Small Business Reference Group, Enterprise Agreements and Bargaining Advisory Group, Rules and Benchbooks Committee and the Workplace Advice Service Reference Group.

The Commission will seek to convene meetings of each of these groups to identify further opportunities to reduce regulatory burden while also improving access to justice.



Over many years, the Commission has initiated external independent user experience research to seek feedback about case management practices. The information elicited from this research has been the foundation of our extensive efforts to continually improve our services. Findings of the independent research can be accessed here: User experience feedback & research | Fair Work Commission

Improving smart forms to reduce the instance of applications that are out of jurisdiction

The Commission will undertake a comprehensive review of its forms for initiating applications for our highest volume jurisdictions (starting with general protections – involving dismissal).

Collaborating with the Fair Work Ombudsman

There remains confusion in the community about the distinct roles and responsibilities of the Commission and the Fair Work Ombudsman (FWO). The agencies have been and will continue working collaboratively to ensure that services and information provided across our respective jurisdictions are consistent and streamlined. Ensuring individuals receive the right information relevant to their circumstances at the right time can improve cooperation and reduce disputation in workplaces.

I welcome feedback on further areas where deeper collaboration with the FWO will assist the community.

Implementing a digital portal for parties to make and respond to applications

The Commission is in the early stages of a multi-year project to implement a new digital portal 'MyFWC'. This portal will be designed to reduce the time and complexity for parties to interact with the Commission, particularly for non-represented and non-expert parties. It will also enable parties to access information materials to assist with the timely resolution of disputes, which will lower the regulatory burden associated with prosecuting or responding to cases.

Technology Enhancement and Generative AI for efficiency and enhanced service delivery

The Commission is in the process of embedding new digital platforms and systems (including Microsoft CoPilot). We have established strong Al governance and implemented several pilot projects.

Access to relevant industrial documents can assist individuals to understand their rights, employers and other businesses to understand their obligations and assist regulators, such as the FWO, to undertake informed compliance activities. In 2025-26, we will rebuild our external Digital Library that the community uses to access Commission decisions, enterprise agreements and other documents to enhance access and searchability. Our Digital Library is a primary source of information about existing rights and entitlements for the national workplace relations system.

We will also continue to identify and implement pilot projects that leverage AI to improve efficiency and effectiveness of our services to the Australian community.

Opportunities requiring additional resources

Digital tools to assist parties to resolve disputes about termination of employment

In 2024-25, the Commission received in excess of 20,000 applications relating to termination of employment. A significant majority of these applications were applications for an unfair dismissal



remedy or general protections applications involving dismissal. Small and medium-sized enterprises do not routinely have a dedicated in-house HR function. This can lead to a reliance on external legal or administrative support when engaging with Commission processes.

In collaboration with major stakeholders, approximately 30 users from employer and employee backgrounds and leading experts (including in mental health), the Commission has articulated a proposed digital system to assist parties to attempt to resolve their disputes. The proposed platform would provide targeted education materials, access to the Commission's Workplace Advice Service and allow the parties to share offers and negotiate settlements, at the time and place that suits them.

It is anticipated that this voluntary case management intervention would be made available to the parties before they participate in a conciliation conference before Members or staff of the Commission. Giving parties a structured, supported place where they can attempt to resolve matters themselves can reduce or, in some instances eliminate the need to prepare for Commission proceedings. This will potentially reduce the financial and cognitive burden on participants.

Improving digital systems to make it easier for employers and employees to make enterprise agreements

In response to significant engagement with stakeholders, the Commission has implemented many initiatives to improve support for users in relation to bargaining and agreement-making. This engagement has also assisted the Commission to improve and maintain timeliness for approving enterprise agreement applications (median of 15 days in 2024-25 for those enterprise agreements approved without undertakings or amendments).

With recent advances in technology, including AI, there are additional opportunities to improve assistance to parties to bargain and to ultimately make enterprise agreement applications to the Commission that satisfy the statutory thresholds. With a focus on cooperative bargaining practices, the proposed tools and resources will assist employers, employees and their representatives to negotiate enterprise agreements that meet their needs, including supporting productivity in the workplace.

Fair Work (Registered Organisations) Act 2009

Operating environment

There are 90 employer and employee organisations registered under the RO Act, including 372 reporting units, for the purposes of financial reporting obligations. These registered organisations control almost \$3.2 billion in assets and collect an annual revenue of more than \$1.6 billion.¹

Registered organisations play a vital role in Australia. They represent employers and employees in certain workplace matters, including assisting or representing their members during Commission proceedings, representing members in enterprise bargaining, making applications to vary modern awards and, in the case of employee organisations, having a right to enter workplaces providing they meet the statutory requirements. Section 5 of the RO Act also states that the Parliament "...recognises and respects the role of employer and employee organisations in facilitating the operation of the workplace relations system".

¹ Information reported by registered organisations can be found on the Fair Work Commission website: <u>Find a registered organisation | Fair Work Commission</u>



Registered organisations are a diverse and broad range of entities in terms of their size, complexity and available resources. A significant number have fewer than 10 employees. While larger registered organisations maintain in-house expertise to manage their statutory compliance and reporting obligations, smaller organisations can face challenges. These regulatory requirements can divert resources away from their core missions: advocacy and member services.

Tangible opportunities within existing resources

Working closely with key stakeholders

I assumed my regulatory functions on 6 March 2023 as a result of changes made by the *Fair Work Legislation Amendment (Secure Jobs Better Pay) Act 2022*. Since this time, I have worked collaboratively with registered organisations and their peak bodies to identify practical opportunities to reduce their regulatory burden and improve voluntary compliance.

In late March 2023, I initiated an independent review to seek feedback from registered organisations, their peak bodies and Commission staff to identify opportunities to lower regulatory burden, improve service delivery and identify barriers to promoting best practice governance and the democratic functioning of registered organisations.

The <u>review report</u>, delivered on 21 August 2023, included 25 recommendations to improve support for registered organisations. In my initial <u>response</u>, published 28 September 2023, I indicated that the recommendations were a mix of matters which could be implemented by me as a regulator and those which required additional funding or legislative change. Implementation of these recommendations is set out in my <u>final statement</u> published 31 July 2025. Some of the notable achievements include:

- publication of the General Manager's Compliance and Enforcement Policy
- publication of comprehensive annotated model rules
- publication of a <u>Compliance Practitioners Induction Kit</u> and revised <u>model financial</u> <u>statements</u>
- collaborating with the Australian Electoral Commission (AEC) in relation to industrial elections
- streamlining the application process for entry permits.

As part of my response, I have also established two stakeholder bodies which provide advice to me in my capacity as a regulator - the Registered Organisations Advisory Committee (ROAC) and the Compliance Practitioners Reference Group (CPRG). I will continue to work with these stakeholder groups to identify further regulatory reform.

Additional support for Registered Organisations

In the 2025-26 reporting cycle, we will further reduce the regulatory burden (while assisting with voluntary compliance) for registered organisations through the following initiatives:

- publishing a comprehensive Guidance Note which will make it simpler, easier and cheaper to embed model rules into the governance processes of registered organisations
- undertaking targeted outreach activities to assist registered organisations to access and use the new resources that have been created for them
- streamlining application forms.



Opportunities requiring additional resources

Compliance portal

Through extensive consultation with registered organisations and their peak bodies, I received overwhelming feedback that an online lodgement portal would significantly assist them to achieve voluntary compliance with their legislative obligations while also significantly reducing their regulatory burden.

The review recommended the implementation of an online portal to allow for the electronic submission of all reports and applications, with the ability to access previous reports submitted.

Registered organisations and their peak bodies continue to support the implementation of the recommendation and doing so would reduce unnecessary regulatory burden and increase their productivity.

Opportunities requiring legislative reform

Thank you for seeking my views in relation to these matters.

The review also identified areas of legislative reform that would reduce unnecessary regulatory burden on registered organisations. I communicated these recommendations to the Department of Employment and Workplace Relations upon the conclusion of the review:

- The RO Act requires registered organisations to separately lodge financial statements, loans, grants and donations statements, and officer and related party disclosure statements. These reports should be consolidated into one audited return.
- Undertake a review of the penalties that apply under the RO Act including the application of criminal penalties and the impact this may have on the participation of members in the running of their organisation. The review should have regard to the penalty regimes that apply to other not-for-profit institutions.
- Review the financial reporting requirements in the RO Act that are in excess of those required of listed companies to assess whether these additional requirements add value.

Conclusion

I would welcome the opportunity to sp	peak with you regarding these proposals should that be	è
suitable. I can be contacted on	, and	
Yours sincerely,		

