

The Hon Jim Chalmers MP

Treasurer

Via email: [REDACTED]

Senator the Hon Katy Gallagher

Minister for Finance

Via email: [REDACTED]

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

Dear Treasurer and Minister Gallagher,

Thank you for your letter of 4 July 2025 requesting reform opportunities to contribute to productivity growth. The Fair Work Ombudsman (FWO) is pleased to assist the Government with this priority.

Workplace productivity in Australia is fundamental to the FWO's role as the national workplace regulator under the *Fair Work Act 2009* (Cth) (FW Act), where our statutory functions include promoting harmonious, productive, cooperative and compliant workplace relations. We see compliance, cooperation, and productivity as interdependent and mutually reinforcing. Productive and cooperative workplaces rely on compliance, while compliance is more likely when workplaces are harmonious and efficient.

The FWO is responsible for regulating every workplace in Australia's national workplace relations system, comprising 14.6 million workers and one million workplaces. Over the last 18 months, in consultation with key stakeholders, we have revised and refined our regulatory approach which supports productivity by ensuring alignment with the principles of strategic enforcement – being prioritisation, deterrence, and system wide effect. Together with enhancing our digital tools and use of data, we are improving our effectiveness and efficiency as a regulator and streamlining how we interact with the regulated community, while ensuring we respond to non-compliance.

This letter outlines the key actions the FWO is taking to contribute to a productivity-enabling environment, and associated improvement initiatives.

1. Streamlining regulatory processes and removing duplication

Implementing innovative solutions that support businesses to quickly identify and self-resolve issues is a crucial component of improving productivity, and reflective of the FWO being a modern, responsive and respected regulator.

Initiatives underway within existing resources that do not require legislative change

Use of artificial intelligence

Automation, more efficient use of technology platforms and Artificial Intelligence (**AI**) is helping the FWO to work smarter and improve the way we deliver services. Our adoption of AI will continue to be safe, ethical and responsible and aligned with the Policy for the Responsible Use of AI in Government, with guardrails built in. We are taking a considered, systematic approach to the use of AI, embedding innovation governance and considering where AI solutions will support automating routine or low risk internal business processes, improve our service delivery and target our investigative activities with appropriate human oversight. This phased approach will streamline internal manual processes, freeing up resources for areas of need – such as support for vulnerable workers and small business and enabling us to focus more effectively on disrupting non-compliance.

We have recently upgraded the platforms that support our Anonymous Reporting Tool (for tip-offs of alleged non-compliance), a valuable intelligence tool. By building in automation to our platform, and capacity for deployment of AI tools for analysis, we have reduced manual review and freed up resourcing to focus on high value intelligence assessment to support strategic enforcement.

Initiatives that require additional funding and/or legislative change

A one-stop authoritative and comprehensive pay tool for the community

In the medium term, and dependent on the availability of dedicated funding, the FWO proposes development of a new pay rates calculation tool, including API capability, to replace the current pay calculator that operates on a legacy platform and is not adequately meeting community expectations, particularly with the rapid uptake of public AI tools that often produce inaccurate information.

Employers, employees, digital service providers and other stakeholders such as unions and community organisations have long been advocating for Government to provide a single, comprehensive and easy to navigate pay tool that is powered to calculate entitlements for national system employees. An API enabled tool, built on modern platforms for long term sustainment, will provide faster access to reliable information and advice for workers, employers, payroll teams, payroll providers and advisors, rather than replicating data or using inefficient tools.

Combined with a digital transformation of FWO's underpinning systems and use of the Government's MyID, an API enabled tool would also remove duplication of pay tools and entitlement advice between the FWO and Fair Work Commission (**FWC**), and provide a streamlined digital experience through a single-entry portal for customers to self-serve and receive faster and more tailored workplace relations advice and assistance.

A portal would also support both economic resilience and productivity by reducing complexity through providing an online service that could be used by employers and workers in all industries and business types to simply access, understand and apply their workplace obligations and entitlements. Importantly, a user experience designed tool would support seeking authoritative advice from Government from a single digital source.

The FWO has been progressing the foundations for this opportunity, developing a secure, stand-alone protected cloud tenant, built in alignment with the Australian Signals Directorate's Blueprint for Secure Cloud. By leveraging infrastructure as code and adopting modern cloud management practices, we are enabling automated, consistent and scalable deployment of systems to replace outdated legacy ICT platforms. This positions the FWO to operate more efficiently, strengthen our security controls, and to adapt more rapidly to shifts in business priorities and make it easier to respond to community demands for modern and digital first tools.

Better use of information already provided to Government – Single Touch Payroll

Consistent with the FWO's obligation to be data-driven under whole of government policies¹ and ongoing advocacy for policy reform, we have made a submission to Treasury's review of tax regulator secrecy exceptions on the benefits of enhanced information sharing between the Australian Taxation Office (ATO) and the FWO for the purposes of identifying and recovering unpaid entitlements.

Legislative amendment to facilitate more efficient and targeted sharing of Single Touch Payroll (STP) and employer payment registration data would allow us to identify the paying entities we regulate and what they pay employees, using information already provided to Government on a pay cycle basis. Enhanced access to STP data would:

- **Streamline detection and recovery:** Identifying regulated entities and payroll errors in a more risk-based and targeted way, to support:
 - Early intervention initiatives which prevent systemic underpayments (that have led to resource intensive and highly expensive public remediation programs).
 - Identification of indicators of underpayments to achieve compliance sooner.
 - Earlier recovery of unpaid wages, entitlements and superannuation to workers.
 - Increased revenue to Government through recovery of underpaid wages, and general deterrence.
- **Tackle systemic and emerging issues:** Our ability to detect and respond to widespread or emerging non-compliance in cohorts, sectors, regions or entities would be enhanced, improving the efficiency, accuracy and impact that targeted regulatory interventions can have on compliance.
- **Reduce regulatory burden on businesses:** Instead of asking businesses to provide pay information to us individually in proactive pay audits, we can minimise disruption to business including those that do not have sophisticated pay systems or dedicated pay teams and also minimise auditing to businesses identified at higher risk of non-compliance.
- **Targeted education:** Delivery of tailored advice to specific employer cohorts – such as new employers, to support correct wages being paid from the outset and reduce the risk of future non-compliance and regulatory intervention.
- **Support monitoring and assurance in large-scale remediations:** We could measure the effectiveness of remediation and assurance processes where entities are taking steps to address large, cumulative errors that have already occurred by reducing the burden of very significant data requests and identifying corrective assurance through payment analysis.

¹ [Regulator Performance Resource Management Guide, Data and Digital Government Strategy](#).

Related to this, the FWO also supports the Regulatory Reform Project² led by the Department of Finance. In considering future options to reduce reporting burdens and interactions with the Government, or to streamline reporting of information through gateways, the FWO sees potential for a combined payroll and tax gateway for employers. This would reduce regulatory complexity by providing one data entry point for pay and superannuation, streamlining payroll processing which currently requires employers to comply with payslip and record obligations under the FW Act in addition to digital submission of STP and, subject to the legislation, proposed pay day superannuation obligations.

Ensuring modern and digital capabilities

The Regulatory Reform Project is working to modernise regulation to ensure it is fit-for purpose for Australia. Consistent with this, the FWO is pursuing options to reflect the digital environment and ensure regulatory powers keep pace with the ways in which work operates in a modern digital economy.

The Government amended the FW Act to prohibit advertising jobs below minimum pay rates, effective from 7 January 2023. Most jobs are now advertised on digital platforms – from major sites such as SEEK, Indeed and Gumtree Jobs, through to in-language sites such as Yeeyi and many others.

The FWO has developed digital tools aimed at eliminating or reducing manual processes for our limited Fair Work Inspectors to search and assess non-compliant job ads. Regulatory frameworks that support appropriate and efficient use of digital tools would mean we could more effectively and efficiently:

- **Monitor job advertisements in real time and on a broad scale**, providing Fair Work Inspectors with risk-assessed job ads most likely to be below minimum rates, while ensuring human oversight and decision-making of compliance decisions.
- **Detect and prevent underpayments before they occur**, correcting non-compliant employer behaviour much faster and levelling the playing field for employers doing the right thing.

Efficient use of digital tools to automate large scale monitoring of job advertisements would also give the FWO a more complete view of entities to support our risk profiling and ability to target serious non-compliance, leaving compliant businesses less likely to be subject to FWO's proactive compliance activities.

2. Getting compliance costs down

The FWO's revised Compliance and Enforcement³ (**C&E Policy**), published in January 2025, applies strategic enforcement principles to how we use our compliance and enforcement powers – boosting productivity through:

- **Prioritisation:** Risk-based, data informed decisions that minimise unnecessary intervention and maximise impact.

² [Regulatory Reform Project](#)

³ [Compliance and Enforcement Policy](#)

- **Deterrence and systemic impact:** Targeting serious, significant and/or systemic non-compliance and its drivers to achieve behavioural change.
- **Parallel regulation:** Partnering with other regulators to cut duplication and improve efficiency.

Our approach balances education, advice and compliance, ensuring it's efficient, accessible, and consistent. We apply a three-tiered response model to dispute resolution:

- **Voluntary compliance:** The vast majority of disputes are resolved via education, advice and cooperation between the parties - effective, efficient and non-intrusive.
- **Guided compliance:** In a small number of more serious cases, Fair Work Inspectors direct actions to ensure compliance.
- **Enforced compliance:** Reserved for the minority of cases where there is significant non-compliance, usually resulting in an enforceable undertaking or litigation, and is guided by the conduct, impact and level of cooperation.

To achieve voluntary compliance, our **free dispute assistance service** provides parties to a workplace dispute with an efficient service including tailored advice, education and tools to assist parties to reach a resolution. Disputes are resolved quickly without ongoing FWO involvement, leaving employers to focus on their business, while putting money back in workers' pockets.

Where appropriate we also connect parties to alternative service pathways (e.g. provided by unions, community legal centres, employer organisations, small claims court) – that often offer faster and more accessible pathways than other court proceedings. This includes providing tailored administrative support to self-represented individuals filing in the small claims court.

We are providing a far more efficient resolution process for business that ensures workplace obligations are met, with a significant reduction in time spent interacting with the FWO. Of the 18,750 disputes completed by the FWO in 2024-25, over 91% were finalised⁴ in an average of 12 days, which is significantly more efficient when compared to average completion times for disputes finalised through an investigation which can exceed 300 days.

The FWO can now focus investigations on priority areas and industries and high-impact issues – supporting fair competition and productive, cooperative workplaces. To further improve our approach, in the short to medium term, we are developing a new and easy to understand Investigation Guide to help reduce compliance costs, like our Payroll Remediation Program Guide⁵, and we are refining how to best discharge our statutory functions and use our enforcement tools to promote clarity and forward-facing workplace compliance.

⁴ Includes disputes where parties could not come to an agreement, did not participate, and/or were provided information about alternative service pathways or jurisdictions.

⁵ [Payroll Remediation Program Guide](#)

3. Enhancing transparency and predictability

The FWO has implemented more effective consultative and collaborative mechanisms to enhance transparency and predictability for regulated entities, through genuine dialogue on workplace issues, co-design of practical solutions and improved coordination across Government.

Tripartism

Tripartism is at the heart of the FWO's approach. In mid-2024, we established a standing tripartite Advisory Group comprising representatives from both workers and businesses.⁶ The Advisory Group is supported by Small Business and Large Corporates Sub Committees as well as industry-specific Reference Groups across our publicly stated priority sectors⁷; aged care services, agriculture, building and construction, disability support services, fast food, restaurants and cafes, and higher education.

These forums provide a direct conduit for the FWO to seek, and for business and employer organisations to provide, feedback and expert practical workplace knowledge to inform our decision making and improve our services. They also provide a forum to identify opportunities to resolve issues quickly and collaboratively without the need for regulatory intervention, which enhances transparency and predictability of the FWO and eases business uncertainty. The insights and information provided through these forums informs the development of our advice and education resources and assists in the development of initiatives to promote workplace compliance.

Our tripartite engagement has already delivered early success in the higher education sector which now understands the systemic issues it needs to address, and we continue to work with the sector to facilitate best practice approaches to achieving industry-led workplace compliance into the future.

Broader collaboration

The FWO collaborates with key workplace relations institutions to clarify requirements and make the regulatory environment more transparent for regulated entities. Key initiatives being undertaken include:

- **Streamlining awards** by collaborating with the Department of Employment and Workplace Relations (**DEWR**) on the Digital Ready Awards initiative to simplify modern award terms to be structured in code-capable language and formats, making it easier for businesses and digital service platforms to translate modern award obligations into code, reducing complex interpretation coding issues and potential for misapplication of entitlements in pay systems.
- **Coordinating with other regulators** including for example, the ATO, Department of Home Affairs, NDIS Quality and Safeguards Commission, Aged Care Quality and Safety Commission, Australian Skills Quality Authority and the Tertiary Education Quality and Standards Agency with agreed arrangements for information sharing, referrals, joint education, investigation and enforcement activities.

⁶ Members include the Australian Chamber of Commerce and Industry, Australian Council of Trade Unions (ACTU), Australian Industry Group, Business Council of Australia, Council of Small Business Organisations of Australia, and invited members of the ACTU.

⁷ [Our priorities](#)

- **Addressing complexity** by collaborating with the FWC to:
 - Develop a consolidated ‘front door’ into the websites of the FWO and the FWC.
 - Continue our significant investment in auditing and established governance mechanisms to ensure the information contained on the websites of the FWO and the FWC is consistent, accurate, streamlined and minimises duplication.
 - Ensure complementary and consistent actions through joined up messaging and supporting resources for any significant legislative or award changes.
 - Resolve award and pay rate interpretation issues to promote clarity and understanding of workplace rights and obligations.
 - Promote and publish standard, easy to understand enterprise agreement clauses.
- **Launching a new Cooperative Initiatives Grants Program**, funding organisational partnerships that resolve workplace issues and promote positive change through collaboration – boosting productivity, better wages and conditions, and increased trust and retention.
- **Helping employers and employees to establish the foundation for cooperative relationships** through consultation and co-operation, by developing guidance on representational rights and responsibilities in partnership with stakeholders and the FWC, and developing a best practice guide on cooperative workplaces.

Concluding remarks

The FWO is committed to fostering a regulatory environment that supports productivity, reduces complexity and makes compliance easier for businesses while protecting workers’ wages and conditions. We will do this by delivering on the actions outlined in this letter and pursuing additional opportunities to evolve, enhance, and refine our work.

Collaboration with stakeholders will inform our approach along the way, and we will continue to work closely with DEWR, so that they can leverage the experience, knowledge and expertise of the FWO to further inform policies and programs to support the Government’s productivity objective.

For any enquiries about the information in this letter or anything else related to the FWO, please do not hesitate to contact me directly on [REDACTED] or via my office on [REDACTED], or at [REDACTED].

Yours faithfully,

[REDACTED]

Anna Booth

Fair Work Ombudsman

1 August 2025