

GPO Box 9887 Sydney NSW 2001 | Level 13, 175 Liverpool St, Sydney NSW 2000

P: (02) 8293 4644 E: anna.booth@fwo.gov.au

The Hon Tony Burke MP
Minister for Employment and Workplace Relations
Minister for the Arts
Leader of the House
PO Box 6022
House of Representatives
Parliament House
Canberra ACT 2600

Email via: Tony.Burke.MP@aph.gov.au

Dear Minister Burke

I am pleased to provide you with the Office of the Fair Work Ombudsman's (**OFWO**) response to KPMG's Review of the OFWO (**the Review**).

The response to the Review has been considered together with the ongoing development of our 2024-25 Corporate Plan.

Since sharing the Review report with all staff on 19 January 2024, I have undertaken detailed internal consultation, providing all staff with multiple channels and opportunities to inform the OFWO's response to the Review and its recommendations.

I also plan to consult with the newly established FWO Tripartite Advisory Group at its first meeting on 11 April 2024. This will involve discussing the OFWO's strategic direction, including our objectives, activities and my Statement of Intent, and in this context considering some of the relevant findings and recommendations of the Review.

The Review has been immensely valuable in assisting the OFWO to consider how we focus our structure, processes and capabilities to best deliver our functions and serve the workplace community within our adjusted funding envelope.

The Review identified three primary opportunities recommended for implementation linked to potential immediate monetary savings, and four other opportunities for consideration that are focussed on improving overall operational efficiency and maximising regulatory impact. These are:

- Review and rationalise office space (primary opportunity)
- Address structural inefficiencies (primary opportunity)
- Shared services arrangements (primary opportunity)
- Review regulatory strategy (other opportunity for consideration)

- Strengthen focus on collaboration (other opportunity for consideration)
- Support employees to engage with risk (other opportunity for consideration)
- Continue capability uplift initiatives (other opportunity for consideration)

In respect of the primary opportunities, using the discretion afforded to my office as an independent statutory agency, I can advise that we have taken a number of steps to implement these and achieve the identified savings to meet the mandated 2.5% ongoing reduction in the OFWO's departmental budget, without impacting on service delivery, through a process of budget reprioritisation. Specifically:

- We are moving from a five to four Group structure, reducing one SES Band 2 position, and are in the process of restructuring the OFWO to remove duplicated functions and address structural inefficiencies.
- We have commenced a process of considering the OFWO's office footprint to reduce the current lease holdings. All current lease holdings are being reviewed and will be subject to ongoing assessment as leases come up for renewal. With the lease of the OFWO's Sydney and Brisbane offices set to expire soon, internal consultation and assessments have been undertaken to identify immediate and longer-term cost savings. Cost savings for the Sydney and Brisbane offices will be gained from reduced rent, landlord incentives and delaying fit out works until future years, with the anticipated combined savings amount making a meaningful contribution to the savings required to be found year on year. We have also identified a reduction in lease holdings for a regional location, and will be co-locating with another Commonwealth agency following the lease expiry on 30 June 2024, which will result in further annual savings. All future leasing will consider right sizing our leased spaces and fit outs, recognising hybrid working arrangements with reductions in workpoints.
- We're currently evaluating our technology hosting arrangement with the Department of Employment and Workplace Relations, against our technology requirements. This will determine if there are elements that are surplus to our needs and can form additional savings. Consideration will also be given to utilising an on-premises hosting environment which may produce savings.
- We have established regular senior officer discussions with the Fair Work Commission on areas of shared, overlapping or complementary jurisdiction.

We have also given thorough consideration to the other opportunities and have undertaken a range of work that, viewed together, harness the opportunities identified by the Review. For example:

- My Regulator Statement of Intent sets out the OFWO's renewed commitment to collaboration and underpins a range of stakeholder reference groups that will guide our regulatory strategy in our priority areas.
- In considering the changes required to agency processes and approach to implement the Closing Loopholes amendments, we are looking broadly at our regulatory posture – including the voluntary small business wage compliance code – and how to communicate these changes to workplace participants.
- Our process of change management to give effect to our restructuring also provides an opportunity to support employees to engage with risk by ensuring decision-making, delegations and reporting arrangements are fit for purpose.

Next steps

The Review's findings will continue to be a lens through which the agency assesses decisions about its strategic direction and resource allocation, which is particularly relevant to the current development of the agency's 2024-25 Corporate Plan, due to be published by 31 August 2024. The publication of our 2024-25 Corporate Plan will be a further opportunity to update the community about our ongoing response to the Review. The OFWO will also provide you with a copy of the 2024-25 Corporate Plan before it is published on the OFWO's website.

If you or your office have any questions about any of this content, I would be happy to discuss this in further detail.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'A Booth', with a checkmark at the end.

Anna Booth

Fair Work Ombudsman

28 March 2024