From: To:

Cc:

s 22(1) ; s 22(1) s 22(1) [markup] FIO | Response to MS23-000897 – FWO review | FWO | Anna Booth Subject:

Monday, 22 January 2024 5:25:19 PM Date:

Attachments: image001.png image002.png

20240119 Letter to Minister Burke - FWO review.pdf

OFFICIAL	
Responsible Minister	Burke
Reply Level/Subject	FIO Response to MS23-000897 – FWO review FWO Anna Booth
Response to	
Outgoing Referral	OUT Select Department Subject Organisation Initiator obo State Government department:
Responsible Division	Entitlements Safeguards
Timeframe	N/A (FIO/NFA)
Drafting Instructions	Coversheet Required: No Meeting request: N/A
Related PDRs	MS23-000897

From: \$ 22(1) On Behalf Of BOOTH, Anna

Sent: Friday, January 19, 2024 10:21 AM

To: Burke, Tony (MP) < Tony. Burke. MP@aph.gov.au>

Subject: Correspondence from the Fair Work Ombudsman, Anna Booth [SEC=OFFICIAL]

Dear Minister Burke,

Please find attached correspondence on behalf of Anna Booth.

Kind regards,

s 22(1)

| Executive Assistant to Anna Booth

Office of the Fair Work Ombudsman

FAIR WORK OMBUDSMAN

T:s 22(1) x:s 22(1)

E:s 22(1)

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GPO Box 9887 Sydney NSW 2001 | Level 13, 175 Liverpool St, Sydney NSW 2000 P:S 22(1) E:S 22(1)

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

Thank you for providing the final report of KPMG's Review of the Office of the Fair Work Ombudsman (OFWO) (the **Review**).

KPMG has delivered a very thorough report and I thank Elizabeth Kelly PSM and the KPMG team for their work on the Review. I also acknowledge the efforts of the Department of Employment and Workplace Relations (your Department) in administering the Review and supporting the involvement of my office throughout the process.

The review process has been valuable, especially in the context of recent changes to the OFWO's regulatory and authorising environments, and the development of our Statement of Intent. I will consider the Report's recommendations on how to achieve the 2.5% budget reprioritisation with the discretion afforded to my office as an independent statutory agency.

Consideration of the report will not occur in isolation. It will occur in the context of the development of our 2024-25 Corporate Plan which will commence in late January and we aim to conclude in the first quarter of 2024 before publication of the Corporate Plan later in the year. Our Corporate Plan will fulfill the Statement of Intent, as well as reforms and frameworks applying to the Australian Public Service and its agencies more broadly including, as noted in your letter, the Australian Public Service Enterprise Resource Planning approach and the Government's Regional Service Delivery Principles.

My response will be informed by internal and external consultation, including with my staff, consistent with my recent Statement of Intent in which I prioritised a strengthened focus on consultation and collaboration. We will move swiftly but must ensure genuine consultation occurs.

I will keep your office and your Department updated on our progress and will work constructively with your Department, including on the timing of publication.

Yours sincerely,

Anna Booth

Fair Work Ombudsman

19 January 2024

From: s 22(1) on behalf of BOOTH,Anna

To: Burke, Tony (MP)

Subject: Correspondence from the Fair Work Ombudsman, Anna Booth [SEC=OFFICIAL]

Date: Friday, 19 January 2024 10:23:23 AM

Attachments: image001.png image002.png

<u>image002.png</u>
20240119 Letter to Minister Burke - FWO review.pdf

Dear Minister Burke,

Please find attached correspondence on behalf of Anna Booth.

Kind regards,



| Executive Assistant to Anna Booth

Office of the Fair Work Ombudsman

FAIR WORK OMBUDSMAN

T:s 22(1) X:s 22(1) E:s 22(1)

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From: To:

Cc: Subject:

\$ 22(1) ;s 22(1) For action by 22 Dec: MS23-000897 - Review of the Office of the Fair Work Ombudsman

Date: Tuesday, 12 December 2023 4:50:00 PM Attachments:

image001.jpg MS23-000897.zip

His 22(1),

Please find attached MS23-000897 - Review of the Office of the Fair Work Ombudsman, for action by 22 December. I will send up the HC with the courier delivery we are planning for Thursday.

Thanks,

s 22(1)

s 22(1)

Departmental Liaison Officer

Workplace Relations | Office of the Hon Tony Burke MP | M:s 22(1) | E:s 22(1)

The Department of Employment and Workplace Relations acknowledges the traditional owners and custodians of country throughout Australia and their continuing connection to land, waters and community. We pay our respects to them and their cultures, and Elders past and present.

From: \$ 22(1) To: \$ 22(1)

Cc: s 22(1) s 22(1) ; s 22(1) ; s 22(1)

Subject: FWO review - publication date [SEC=OFFICIÁL]

Date: Monday, 12 February 2024 3:14:10 PM

His 22(1)

The FWO has advised that their preference is to publish the FWO Review report prepared by KPMG in late March 2024 after they've consulted with employees and stakeholders and prepared a response.

This is a little later than we had been expecting, but wanted to check if you have any concerns. To date we haven't had any inquiries etc regarding the review and if/when it will be published. Happy to discuss,

s 22(1)

A/First Assistant Secretary
Entitlements Safeguards Division
Ph S 22(1)

From: ;s 22(1) s 22(1) Cc: Subject: FWO Review - Signed

Date: Wednesday, 17 January 2024 6:15:47 PM

Wednesday, 17 Jahdary 2024 O. 1.
FWO Review - Final Report.pdf
image001.jpg
MS23-000897 - Signed.pdf
MS23-000897 - Letter to PM.pdf
MS23-000897 - Letter to FWO.pdf Attachments:

OFFICIAL: Sensitive

Hi all,

FYI, the Minister has approved the publication of the FWO review and the corresponding letters have been dispatched to the FWO, PM and Finance Minister this evening – attached for your records.

OFFICIAL: Sensitive

From: \$ 22(1)
Sent: Wednesday, January 17, 2024 6:09 PM
To: BOOTH, Anna \$ 22(1)

Subject: Correspondence from Minister Burke

Good evening,

Please find attached correspondence from the Minister for Employment and Workplace Relations, the Hon Tony Burke MP. Kind regards,

s 22(1) | Departmental Liaison Officer

Employment and Workforce | Office of the Hon Tony Burke MP

The Department of Employment and Workplace Relations acknowledges the traditional owners and custodians of country throughout Australia and their continuing connection to land, waters and community. We pay our respects to them and their cultures, and Elders past and present



MS23-000897
Ministerial Submission

Routine/Low Complexity

To

Minister for Employment and Workplace Relations

Subject

Review of the Office of the Fair Work Ombudsman

Action date

Please action by 22 December 2023 to enable the Fair Work Ombudsman to commence consideration of the report recommendations in a timely manner.

Recommendations – That you:

- 1) **note** the *Review of the Office of the Fair Work Ombudsman* final report (<u>Attachment A</u>) prepared by KPMG
- 2) **note** the Department of Employment and Workplace Relations' advice on the review and its recommendations
- 3) **approve** publication of the final report on the department's website in early 2024, with the publication date to be set by the department in consultation with the Office of the Fair Work Ombudsman (FWO) and your office
- 4) **sign** the draft letter to Ms Anna Booth, the Fair Work Ombudsman, (<u>Attachment B</u>) providing a copy of the final report, seeking her response to the review and advising of your approval to publish the final report in early 2024 (if approved)
- 5) **sign** the draft letter to the Prime Minister, the Hon Anthony Albanese MP, copying Senator the Hon Katy Gallagher, Minister for Finance, in relation to outcomes of the review (Attachment C).

noted please discuss

noted /please discuss

approved / not approved / please discuss

signed/not signed

signed not signed

Signature:

MO Comments

Executive summary

- 1. As part of the 2023–24 Budget, the Australian Government announced that a specialist review of the operations of the FWO would be undertaken.
- 2. The purpose of the review was to identify efficiencies that the FWO can leverage to meet an ongoing 2.5% reduction (as against its departmental appropriation in the October 2022–23 Budget). This 2.5% reduction was also announced in the 2023–24 Budget.

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- 3. You previously approved the Terms of Reference for the review (<u>Attachment D</u>) and the department procuring an independent consultant through the Management Advisory Services Panel (MS23-000387 refers). The department subsequently <u>appointed</u> independent consulting firm KPMG to conduct the review.
- 4. KPMG have now delivered the final report (<u>Attachment A</u>) which provides an analysis of the FWO's fiscal and operational approach and a suite of recommendations, identifying efficiencies and opportunities for savings consistent with the Budget announcement. The range of savings opportunities potentially available to the FWO include: the review and rationalisation of office space; addressing structural inefficiencies and achieving greater efficiency through shared services.
- 5. Implementation of any of the recommendations to achieve the budget savings is appropriately a matter for Ms Booth. This is in keeping her position as an independent statutory officer holder and the general responsibility that agency heads have for operational matters akin to those raised by the review. Pertinently, none of the recommendations require changes to the FWO's legislative framework, or workplace relations and Australian Public Service policy settings, that fall within the Government's remit.
- 6. Draft letters transmitting the final report to Ms Booth, and the Prime Minister (copied to Minister Gallagher) are provided at <u>Attachment B</u> and <u>Attachment C</u> respectively. The letter to Ms Booth requests her advice on the steps that the FWO will take to address the matters raised by the review and its plans to implement the savings that the FWO has been directed to find.
- 7. Your approval is sought to publish the final report in early 2024. This will provide transparency while allowing the FWO sufficient time to engage with staff, develop communication and assist with the change management process to implement reforms.

Key points

Review process and findings

- 8. KPMG, supported by Ms Elizabeth Kelly PSM as the Eminent Reviewer, conducted the review between September and November 2023.
- 9. In conducting the review, KPMG consulted with the department, the FWO and the Fair Work Commission. It analysed data requests, tested hypotheses and assessed opportunities.
- 10. The final report details KPMG's findings. The report canvasses emerging themes on the influence of the FWO's complex operating environment on its operations, regulatory strategy, organisational structure, culture and risk settings, capability constraints, and how it approaches collaboration and partnerships.

Report recommendations

- 11. The final report provides a suite of recommendations, identifying efficiencies and opportunities for savings consistent with the Budget announcement. The primary opportunities are to:
 - Review and rationalise office space in line with demand and flexible working arrangements total potential efficiency impact of up to \$5.36 million over 4 years.
 - Address structural inefficiencies both horizontally across groups and vertically within organisational units total potential efficiency gain of between \$9.71 million to \$16.18 million over 4 years, full-time equivalent (FTE) impact of 18 to 30 FTE.
 - Achieve greater efficiencies through shared services, both existing and potential future arrangements total efficiency gain of up to \$0.92 million over 4 years.
- 12. KPMG notes that no single opportunity can realise the 2.5% saving in isolation. Therefore, implementation of a combination of opportunities is required.
- 13. Other opportunities, which are not as closely linked to an immediate saving opportunity, are also identified by KPMG. These opportunities are to improve overall operational efficiency and maximise regulatory impact by strengthening the focus on collaboration, supporting employees to engage with risk, continuing capability uplift initiatives and reviewing the FWO's regulatory strategy.

Government policy issues and impact on other portfolios

- 14. The review implements a Budget 2023–24 decision.
- 15. The FWO will be impacted as the entity required to deliver the budgeted savings of \$4.1 million in 2023-24 and ongoing savings of \$3.9 million per year from 2024-25. These savings have already been banked with it being a matter for the FWO to give effect to.

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- 16. The suite of recommendations identified by KPMG focuses on operational matters such as the FWO's approach to physical footprint, spans of control and team structures, and shared services. The recommendations do not require changes to matters within Government's policy remit in relation to workplace relations or the Australian Public Service.
- 17. Hence the department does not consider that any decisions or actions are required from you as a result of the report. Rather consideration, and implementation, of any recommendations from the review would appropriately be a matter for the Fair Work Ombudsman, as an independent statutory office holder and relevant agency head. However, to ensure accountability, the draft letter to the Fair Work Ombudsman transmitting the report requests advice on how the FWO intends to address the matters raised by the review and its plans to implement the savings that the FWO has been directed to find (Attachment B).
- 18. The Terms of Reference indicated that you would consult, as appropriate, with the Prime Minister and Minister for Finance in agreeing changes from the review. Given that there are no changes that fall within the remit of broader Government policy, it is proposed that you write to the Prime Minister, copying Minister Gallagher, providing them with a copy of the report and indicating that you consider that implementation of the report is a matter for the FWO in line with the direction to deliver the savings identified in the Budget 2023–24 context (Attachment C).
- 19. Future action by the FWO to implement the recommendations will need to have regard to other Government policies. For example, renegotiating shared service arrangements, will require the FWO to consider the Government's new Australian Public Service Enterprise Resource Planning approach announced in November 2023. Similarly, rationalising office locations would require consideration of factors such as Government's regional service delivery principles. The letter to Ms Booth notes such policies should be considered by the FWO in determining how best to implement the recommendations, particularly those relating to regional FWO offices.

Key risks and mitigation

Sensitivities

- 20. The FWO have been engaged throughout the review process and have indicated to the department that the types of opportunities identified by KPMG are consistent with their initial views on potential reforms. Moving forward, the FWO's communication and change management strategy to progress reforms, and effective program management, will be integral to address any potential staff and community concerns while ensuring timely delivery of reforms arising from the review.
- 21. Implementation of the recommendations identified in the final report, particularly rationalisation of office space and addressing structural inefficiencies, could potentially have a significant impact on staff and local communities. This includes in relation to employment arrangements for staff and service delivery.
- 22. Individual positions and office locations are not specified in the final report, with the recommendations flagging additional work to identify where these efficiencies can be found. This approach enables the FWO to consider the specifics of how best to give effect to recommendations, if the FWO adopts them in delivering on the savings that have been imposed on them.
- 23. There may be criticism directed at the Government for taking up the recommendations in the review, particularly if service delivery is perceived to reduce. The Government could point to the fact that the Terms of Reference explicitly required that recommendations should not adversely impact on core service delivery. In any event, it would be a matter for the FWO to consider, and apply, the recommendations as it considers appropriate, as long as it is consistent with relevant Government policies.

Publication of the report

24. It is recommended that the final report is published on the department's website in early 2024, rather than at the same time as providing the report to the FWO. This will ensure transparency, especially in light of public interest in the review upon its announcement in the 2023–24 Budget context.

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- 25. This approach will allow the Fair Work Ombudsman sufficient time to engage with staff to socialise the outcomes of the review, develop a communication strategy and assist with the change management process.
- 26. The department proposes to engage with the FWO prior to publication (if approved) to ensure the timing aligns with the FWO's communication strategy. Your office will also be consulted so that the timing and approach aligns with your expectations.

Budget impact, financial considerations

27. Nil. The cost of the review and the ongoing 2.5% saving in the FWO's departmental funding were captured and announced in the 2023–24 Budget.

Communications and media strategy

- 28. Subject to your approval, the final report will be published on the department's website in early 2024, in consultation with the FWO.
- 29. A formal Government response to the review is not considered necessary. While the review has been prepared for you, the recommendations are focused on the FWO's operations.
- 30. KPMG and Ms Kelly have provided statements in support of the review for inclusion in any media statement you may wish to make in relation to publication of the review.
- 31. The department will engage with the FWO on any media. A media statement will be prepared for you, if required, when publication of the review is due.

Stakeholder consultation

32. In conducting the review, KPMG engaged with the department, the FWO and the Fair Work Commission.

Attachments

Attachment A FWO Review - Final Report

Attachment B Letter to the Fair Work Ombudsman

Attachment C Letter to the Prime Minister

Attachment D Review of the FWO Terms of Reference

Clearance

Primary Contact Officer: S 22(1)

A/g Assistant Secretary

Workplace Exploitation Branch
| WR | Entitlements Safeguards
| WR | Mobile: \$ 22(1)

Clearance Officer: \$ 22(1)

A/g First Assistant Secretary

| WR | Entitlements Safeguards | Ph: s 22(1)



The Hon Tony Burke MP

Minister for Employment and Workplace Relations Minister for the Arts Leader of the House

Reference: MS23-000897

The Hon Anthony Albanese MP

Prime Minister Parliament House

CANBERRA ACT 2600

By email: dlo@pm.gov.au

Dear Prime Minister

Further to my letter of 23 June 2023, I write to advise you of the completion of the Review of the Office of the Fair Work Ombudsman (OFWO). The Government announced the review in the 2023–24 Budget in the context of the Government's decision to impose a 2.5% reduction on the OFWO's departmental budget in line with our commitment to budget repair.

I have attached a copy of KPMG's final report which includes recommendations identifying efficiencies and opportunities for savings consistent with the Budget decision. The savings opportunities available to the agency are operationally focused and include: the review and rationalisation of office space; addressing structural inefficiencies and achieving greater efficiency through shared services. KPMG have noted that no single opportunity can realise the 2.5% saving in full and that implementation of a combination of measures is required.

The implementation of the recommendations is a matter for Anna Booth, the Fair Work Ombudsman. I have requested advice from Ms Booth on the steps that the agency will take to implement the savings. In considering implementation of savings measures, I have affirmed the need to consider whole-of-government policies, including the Government's new Australian Public Service Enterprise Resource Planning approach announced in November 2023 and the Government's regional service delivery principles. In the interests of transparency, my department will publish the report on its website in early 2024, in consultation with the OFWO.

I have copied this letter to Senator the Hon Katy Gallagher, Minister for Finance.

Yours sincerely

TONY BURKE

/ / / / 2024

Encl.



The Hon Tony Burke MP

Minister for Employment and Workplace Relations Minister for the Arts Leader of the House

Reference: MS23-000897

Ms Anna Booth Fair Work Ombudsman GPO Box 9887 CANBERRA ACT 2600

s 22(1)

By email:

Dear Ms Booth

I write to provide you with the independent review of the Office of the Fair Work Ombudsman (OFWO), conducted by KPMG, and seek your advice on the approach the agency will take to implement the savings required by the 2023-24 Budget.

The final report includes recommendations identifying efficiencies and opportunities for savings consistent with the Budget decision. The range of savings opportunities potentially available to the OFWO are operationally focused and include: the review and rationalisation of office space; addressing structural inefficiencies; and achieving greater efficiency through shared services. KPMG have noted that no single recommendation can realise the 2.5% saving in full and that implementation of a combination of measures will be required.

Implementation of the recommendations is a matter for you as agency head. I seek your advice on the steps that the OFWO will take to address the matters raised by the review and its plans to implement the Budget savings. In responding to the recommendations, it will be important that the agency have due regard to whole-of-government policies, including the Government's new Australian Public Service Enterprise Resource Planning approach announced in November 2023 and the Government's regional service delivery principles.

The Government intends to publish the report on the website of the Department of Employment and Workplace Relations in early 2024 in consultation with your agency.

Thank you for your agency's constructive engagement with the review.

Yours sincerely

TONY BURKE

// 2024

Encl.

From: \$ 22(1)
To: \$ 22(1)
Cc: \$ 22(1)

Cc: s 22(1) s 22(1)
Subject: RE: Ministerial Submission MS23-000897 - Timing [SEC=OFFICIAL:Sensitive]

Date: Friday, 8 December 2023 1:10:00 PM

Attachments: <u>image001.jpg</u>

His 22(1)

If this brief can come up by Monday, it's fine to put an action date of 22 Dec.

Cheers,

s 22(1)

s 22(1) | Departmental Liaison Officer

Workplace Relations | Office of the Hon Tony Burke MP P:S 22(1) | M:S 22(1) | E:S 22(1)

From: \$ 22(1)

Sent: Friday, December 8, 2023 12:53 PM

To:s 22(1) Cc:s 22(1)

Subject: Ministerial Submission MS23-000897 - Timing [SEC=OFFICIAL:Sensitive]

OFFICIAL: Sensitive

His 22(1)

We are finalising a Ministerial Submission on the FWO review to provide the Minister with a copy of KPMG's final report and seek agreement on proposed next steps.

The purpose of the FWO review is to identify savings for an ongoing 2.5% budget reduction from 2023-24.

As the final report was received last night, we are highly unlikely to meet the c.o.b. 8 December cut-off date for actioning this year.

We would however, like to test whether it is possible for the brief to be actioned this year if we have it FAS approved on Monday 11 December.

The reason for requesting actioning this year is to get Ministerial agreement on the next steps, in particular, providing a copy of the final report to the FWO Anna Booth to enable her consideration of the report and her response. It is important that the FWO is provided with a copy of the final report as soon as possible as the report will help inform the implementation of their savings measures. Additionally, there has also been public interest in the FWO review and Ministerial guidance is also sought on publication of the final report.

Thanks and happy to discuss.

s 22(1)

s 22(1)

Assistant Director | Workplace Justice Reform

Workplace Exploitation Branch | Entitlements Safeguards Division

Australian Government Department of Employment and Workplace Relations

Phones 22(1)

dewr.gov.au

The Department of Employment and Workplace Relations acknowledges the traditional owners and custodians of country throughout Australia and their continuing connection to land, waters and community. We pay our respects to them and their cultures, and Elders past, present and emerging.

OFFICIAL: Sensitive

From: To: s 22(1) Cc: Subject:

s 22(1) Correspondence from Minister Burke re FWO Review

Wednesday, 17 January 2024 6:07:00 PM image001.jpg MS23-000897.pdf Date: Attachments:

Good evening,

Please find *attached* correspondence from the Minister for Employment and Workplace Relations, the Hon Tony Burke MP.

s 22(1) | Departmental Liaison Officer

Employment and Workforce | Office of the Hon Tony Burke MP

The Department of Employment and Workplace Relations acknowledges the traditional owners and custodians of country throughout Australia and their continuing connection to land, waters and community. We pay our respects to them and their cultures, and Elders past and present.

From:

S 22(1) BOOTH.Anna Correspondence from Minister Burke Wednesday, 17 January 2024 6:09:00 PM Subject: Attachments:

MS23-000897.pdf FWO Review - Final Report.pdf image001.jpg

Good evening,

Please find *attached* correspondence from the Minister for Employment and Workplace Relations, the Hon Tony Burke MP.

s 22(1) | Departmental Liaison Officer

Employment and Workforce | Office of the Hon Tony Burke MP

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