



Human Capital Management
& Payroll Software/Services

Wage Theft, Compliance, and the Expanding Role of HR in Australia

Whitepaper

August | 2025

The Compliance Landscape is Changing

Australian organisations are under increasing pressure to comply with evolving employment laws, particularly concerning wage compliance. High-profile underpayment scandals have dominated headlines, and legislative changes mean that the risks for employers are escalating. With the Fair Work Ombudsman (FWO) recovering a record \$473 million in underpayments in the 2023-24 financial year ([Fair Work Ombudsman](#)), businesses can no longer afford to ignore compliance.

From January 2025, intentional wage theft will be criminalised, carrying penalties of up to 10 years' imprisonment and fines reaching \$8.25 million for corporations ([ACTU](#)). These changes demand a proactive response from HR leaders, who must integrate compliance strategies into their everyday operations to mitigate risks.

Understanding the Causes of Wage Underpayment

Underpayment is rarely the result of deliberate wage theft. Instead, most cases arise from systemic issues, including:

- **Award and Agreement Complexity:** Australia's modern awards system is among the most complex globally. A single enterprise agreement can have multiple classifications and pay structures, making it easy for payroll errors to occur.
- **Outdated Payroll Systems:** Many businesses still rely on legacy systems that do not automatically update to reflect legislative changes.
- **Inconsistent Work Patterns:** Casuals, shift workers, and employees with variable hours create additional challenges for compliance.
- **Lack of Internal Governance:** Without regular audits and compliance checks, minor payroll discrepancies can compound over time.

The university sector provides a cautionary tale. The University of Melbourne recently admitted to underpaying 25,000 staff members a total of \$72 million due to errors in casual wage calculations ([The Australian](#)). These errors were not malicious but stemmed from flawed payroll governance a scenario that could unfold in any industry.



HR's Expanding Role in Compliance Management

Historically, payroll teams were seen as the primary custodians of wage compliance. However, with the introduction of harsher penalties, HR professionals must now play a more active role in:

- **Policy Implementation:** Ensuring that internal policies align with legislative changes.
- **Award Interpretation and Training:** Educating managers and payroll staff on award classifications.
- **Regular Payroll Audits:** Identifying discrepancies before they escalate into major issues.
- **Collaboration with Finance and Payroll Teams:** Creating cross-functional processes that ensure compliance.

Case Study: The Retail Sector's Response to Compliance Challenges

The Australian retail sector has faced numerous underpayment scandals, with major brands including Woolworths, Coles, and Bunnings admitting to wage errors affecting thousands of employees. In response, these organisations have invested heavily in compliance technology, engaged external auditors, and enhanced HR-led governance frameworks.

For example, Woolworths implemented an automated payroll system designed to cross-check payments against awards in real time, reducing human error. Such approaches highlight the importance of integrating technology into HR compliance strategies.

Technology as a Compliance Safeguard

A robust payroll and HR system is no longer optional it is a business necessity. Automated solutions offer:

- **Award Interpretation Capabilities:** Ensuring compliance with the latest Fair Work rulings.
- **Real-Time Payroll Audits:** Detecting anomalies before they become legal issues.
- **Seamless Integration with Workforce Management:** Reducing inconsistencies in shift-based pay calculations.
- **Compliance Reporting Tools:** Providing visibility into potential risks before they escalate.

The ichris Advantage

Enterprise HR and payroll platforms like ichris offer integrated compliance features that help businesses navigate Australia's evolving regulatory landscape. These systems enable organisations to:

- Maintain up-to-date award interpretations
- Automate complex payroll calculations
- Generate audit-ready reports for Fair Work compliance

With compliance failures now carrying criminal penalties, investing in technology is not just a strategic decision it's a safeguard against reputational and financial ruin.

The Cost of Non-Compliance

Failing to address compliance risks can have devastating consequences, including:

- **Financial Penalties:** Companies found guilty of wage theft could face multimillion-dollar fines.
- **Reputational Damage:** Brands implicated in underpayment scandals often suffer consumer backlash and employee dissatisfaction.
- **Legal Consequences:** Directors and executives may be held personally liable for breaches.

Taking Action: A Five-Step HR Compliance Strategy

1. **Audit Payroll Systems Annually:** Conduct in-depth audits to identify and rectify discrepancies.
2. **Educate and Train Staff:** Ensure managers and payroll teams are well-versed in award classifications.
3. **Implement Automated Payroll Solutions:** Reduce reliance on manual processes that increase risk.
4. **Engage External Experts:** Use third-party auditors to verify compliance.
5. **Monitor Legislative Changes:** Stay ahead of Fair Work updates and adjust policies accordingly.



Final Thoughts

HR professionals must take the lead in safeguarding their organisations against wage underpayment risks. With new legislation introducing severe penalties, compliance cannot be treated as an afterthought.

Organisations that invest in proactive compliance measures through technology, training, and internal audits will not only avoid costly penalties but also foster a culture of trust and fairness in their workplaces.

Is your organisation prepared for the new compliance landscape? Explore how ichris can support your HR and payroll compliance needs today.

Don't let data complexity and analysis challenges slow you down. Discover how our solutions can streamline your data analytics, keep your insights accurate, and give you the confidence to make informed decisions. Visit www.frontiersoftware.com to learn more

About Frontier Software

Frontier Software is a leading software and services organisation specialising in digital transformation for payroll and HR solutions. With over 40 years of industry experience, our comprehensive solutions are trusted by businesses across the globe. Our expert team is dedicated to helping organisations streamline their payroll and HR processes, ensuring compliance, accuracy, and efficiency. Looking to enhance your payroll and HR processes? We can help you optimise your existing Frontier Software solution or create a completely new system tailored to your business needs.

“Commitment to customer service is our number one priority.”

Michael Howard, Founder

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