



Human Capital Management  
& Payroll Software/Services

## **The Payroll Imperative**

Mastering Regulatory Challenges for Business  
Success in Australia

Whitepaper

April | 2025

Australia's payroll landscape has undergone a significant transformation in 2025. With wage theft now criminalised, organisations face fines of up to AUD 8.25 million or imprisonment for deliberate underpayment. Simultaneously, enhanced pay transparency requirements and an ongoing shortage of payroll professionals create a perfect storm of challenges for Australian businesses.

## The New Compliance Landscape

### Wage Theft Legislation

As of 1 January 2025, Australia's strict wage theft laws criminalise intentional underpayment of wages or entitlements. The penalties are substantial; companies can face fines up to AUD 8.25 million or three times the value of underpayments, while individuals may face imprisonment.

### Payroll skills shortage

A critical skills gap continues to hamper payroll operations throughout Australia. Recent research reveals only 43% of businesses employ dedicated payroll professionals. This shortage means existing staff must manage a larger workload, often relying on manual processes due to limited resources. Such processes are more susceptible to human error, leading to inaccuracies and payroll compliance issues. Additionally, they are time-consuming and may divert resources from other critical business functions, reducing the efficiency of the entire business.

### Pay transparency requirements

Pay transparency has become a regulatory priority, with updated gender pay gap reporting requirements from the Workplace Gender Equality Agency (WGEA). Employers must now report pay disparities annually across all organisational levels. WGEA data shows women still earn 22% less than men on average across Australian industries. Non-compliance with these reporting obligations can result in reputational damage and regulatory consequences.



## Navigating the new reality of payroll

Reviewing the challenges in full reveals a landscape of increasing complexity, growing compliance obligations, and heightened expectations in payroll management. These demands fall on often under-resourced teams that rely on outdated processes and systems.

This convergence of pressures makes payroll more than just an administrative function—it's a critical business risk. Errors can undermine financial stability, employee trust, and corporate reputation, while teams struggle to keep pace with modern payroll demands. The need for proactive strategies to address these challenges has never been more urgent.

## Practical Solutions and Real-World Examples

### Automated Payroll Systems

Automation is revolutionising payroll management by reducing errors and ensuring compliance with wage theft laws. Modern systems handle award rates, entitlements, superannuation contributions, overtime payments and leave balances with precision - eliminating manual mistakes that could lead to non-compliance. Automation also streamlines reporting, reduces administrative burden, and provides better data for strategic decision-making.

### Revo Fitness

After recognising the need to enhance their payroll processes, Revo Fitness partnered with Australian Payroll Advisory's PayCompliance™ service to assess their payroll environment and implement additional controls through automation.

This involved automating calculations for award rates, leave entitlements, and superannuation contributions, which significantly reduced manual errors. The result was not only improved payroll accuracy, but also restored confidence among executive teams who gained greater appreciation for the diligence required in payroll functions.

---

### Outsourced Payroll Services

For businesses lacking internal expertise or facing resource constraints during growth periods, outsourcing the payroll function offers a viable solution. Expert providers deliver end-to-end management of payroll operations - including best practice governance - allowing organisations to focus on core business activities.

### Northern Territory Primary Health Network

The Northern Territory Primary Health Network (NT PHN) faced significant challenges with an outdated payroll system that posed software and security risks.

By outsourcing their payroll operations, NT PHN successfully modernised their technology infrastructure, enhanced cybersecurity, and integrated payroll with their existing HRIS.

This transition not only improved operational efficiency and reduced reliance on individual team members, but also empowered the organisation to focus on its core mission of delivering quality health services.

---

### Integrated Reporting Tools

Integrated reporting tools simplify compliance with gender pay gap requirements by automating data collection, analysis and visualisation processes within a single platform.

Advanced solutions enable employers to generate accurate reports efficiently while identifying pay disparities across departments or job levels - helping implement corrective measures that align with organisational goals.

### Polytrade Employment Services

In August 2023, Polytrade learned about compliance requirements the hard way, receiving a fine of AUD \$375,515 for underpayments due to record-keeping contraventions.

Following this penalty, they implemented integrated reporting tools to ensure accurate record-keeping and transparent pay practices.

This remediation will help Polytrade avoid further significant financial consequences of failing to maintain accurate payroll processes and ensure proper reporting systems.

Payroll management in Australia presents unprecedented challenges due to new regulations, workforce shortages and transparency demands. Businesses must embrace technology-driven solutions that ensure compliance while improving operational efficiency.

The examples of Revo Fitness and NT PHN highlight how proactive approaches can transform payroll systems into assets that enhance accuracy and trust across organisations. Meanwhile, Polytrade's experience serves as a cautionary tale about the consequences of neglecting compliance.



Australian businesses cannot afford to be complacent in this evolving landscape. To address compliance risks effectively and foster equitable workplaces, they must act decisively by adopting automated systems, outsourcing where necessary, or leveraging integrated reporting tools.

Payroll regulation will never remain static or become less rigorous. To navigate these demands and secure a competitive edge, businesses must treat compliance as a strategic priority - embedding vigilance and innovation into their operations, not as reactive fixes but as foundational pillars of payroll excellence.

## References

1. Australian Payroll Association (2024). "Allegations of mismanagement highlight the importance of payroll compliance."
2. Australian Payroll Advisory (2024). "Case Study: Revo Fitness."
3. Payroll Experts Australia (2024). "Payroll Compliance Overhaul Case Study."
4. Workplace Gender Equality Agency (2024). "Gender Pay Gap Insights."
5. Chan & Naylor (2025). "Australian Payroll Compliance Requirements."
6. ADP Australia (2024). "Payroll Compliance Guide."
7. ADP Australia (2024). "Skill shortages and automation among the biggest pain points for the Australian payroll sector."
8. TechRepublic (2025). "New Payroll Compliance Penalties Driving Tech Adoption."
9. Employment Hero (2024). "Payroll Scandals Australia."
10. ClockOn (2024). "Payroll Compliance."
11. ClockOn (2024). "Payroll Automation."
12. People Squared (2024). "Case Studies."
13. Team Blue Sky (2024). "Understanding Payroll Compliance in Australia - A Comprehensive Guide."
14. Inside HR (2024). "Understanding Outsourcing - A Deep Dive into Payroll Management."
15. D-Bit (2024). "Modernising Payroll for Australian Businesses with Innovative Workforce Solutions."
16. Australian Payroll Association (2024). "Preparing for the Future – The Essential Guide to Payroll Compliance Checks ahead of Wage Theft Legislation."

## 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

This communication contains general information only. Frontier Software Pty. Ltd., its affiliates, and related entities (collectively, "Frontier Software") do not, by means of this communication, provide professional advice or services. Before making any decisions or taking any actions that may affect your financial or business situation, you should consult a qualified professional adviser. No representations, warranties, or undertakings (express or implied) are made regarding the accuracy or completeness of the information in this communication. Frontier Software, its affiliates, related entities, employees, or agents shall not be liable or responsible for any loss or damage whatsoever arising directly or indirectly from any reliance on this communication. Frontier Software and each of its affiliates and related entities are legally separate and independent entities.

Please consider the information contained in this presentation as commercial in confidence.