

# Annual Report 2025–26

LABOUR HIRE AUTHORITY

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## Responsible Body Declaration

In accordance with the *Financial Management Act 1994* (Vic) (FMA), I am pleased to present the Labour Hire Authority's Annual Report for the period ended 30 June 2026.



**Michelle Osborne**

Acting Labour Hire Licensing Commissioner
29 September 2026

## About the Labour Hire Authority

The Labour Hire Authority (LHA) protects Victorian workers from exploitation and improves transparency and integrity in the labour hire industry by regulating businesses that provide or use labour hire services.

Established to administer the *Labour Hire Licensing Act 2018* (Vic) (LHL Act), LHA is an independent statutory body whose work is wholly funded by licence fees from labour hire businesses.

Jaclyn Symes MP, Minister for Industrial Relations, was the Minister responsible for LHA for the financial year 2025–26.

LHA licences labour hire providers, and supports providers, hosts and workers in understanding and complying with their legal obligations. LHA works to prevent the exploitation of labour hire workers through functions including:

- administering the labour hire licensing scheme in Victoria
- monitoring, investigating and enforcing compliance
- promoting compliance through education and engagement
- supporting delivery of these functions through essential corporate services.



## Acknowledgement of Country

The Labour Hire Authority acknowledges Traditional Custodians of Country across Victoria and pays respect to Elders past and present.

The Labour Hire Authority also recognises that our offices are based on the lands of the Dja Dja Wurrung People and the Wurundjeri People. We wish to acknowledge them as Traditional Owners.

# Message from the Labour Hire Licensing Commissioner

I am pleased to present the *Labour Hire Authority Annual Report 2025–26* – a report that coincides with the conclusion of my time as Victoria's Labour Hire Licensing Commissioner.

Having led the Labour Hire Authority (LHA) since it was established in 2019, I have had the privilege of leading a team of extremely capable and dedicated professionals who make a real impact every day. This year embodied and built upon six years of work to improve the integrity and transparency of the labour hire industry and to protect workers from exploitation.

At year end, there were 233 fewer licence holders than the year prior, largely due to the scale of LHA compliance and enforcement action, together with more sophisticated licence assessments. Every non-compliant provider that is removed serves to further level the playing field for legitimate business and protect workers from unlawful exploitation.

We undertook significant and complex work across a range of LHA teams to implement amendments to the *Labour Hire Licensing Act 2018* (Vic). These changes, which were passed by the Victorian Parliament in December 2025, significantly strengthen LHA's ability to address unlawful conduct by labour hire businesses and the people operating and controlling them.

As a result of key changes implemented in June 2026, we can now more thoroughly assess – and respond to – operators' legal and compliance history, financial viability and overall capacity to comply with legal obligations. While we will not see the true impact of these changes immediately, early signs are positive and point towards improved business integrity and worker protection.

LHA continued to achieve high-impact outcomes in high-risk industries throughout this year. In construction, targeted investigations led us to increase our cumulative tally to 164 licences cancelled. In horticulture, we secured a record $830,000 penalty against a company that exploited workers, we conducted 23 accommodation inspections, and our team collaborated with multiple agencies, including Victoria Police, to disrupt an alleged money laundering syndicate.

These compliance outcomes reflect an extensive and sophisticated body of work by our intelligence team, strong collaboration with our agency partners and further honing of LHA's regulatory approach.

Based on these outcomes, and on strengthened publication powers that came into effect in December 2025, website visits doubled this year – to almost 1,000 per day – and media coverage tripled. We continued our engagement efforts across a range of stakeholder groups and industries, holding 72 sessions that reached over 1,500 attendees.

For the activities and outcomes outlined in this annual report, and for the robust approach to labour hire regulation we have built together over the past seven years, I will be forever grateful to the staff of LHA.

With all that said, I think it is important that the community understands the extent of egregious misconduct that is occurring across a range of industries. All of the objective evidence points to extremely serious misconduct in industries that is infrequently captured by public reporting.

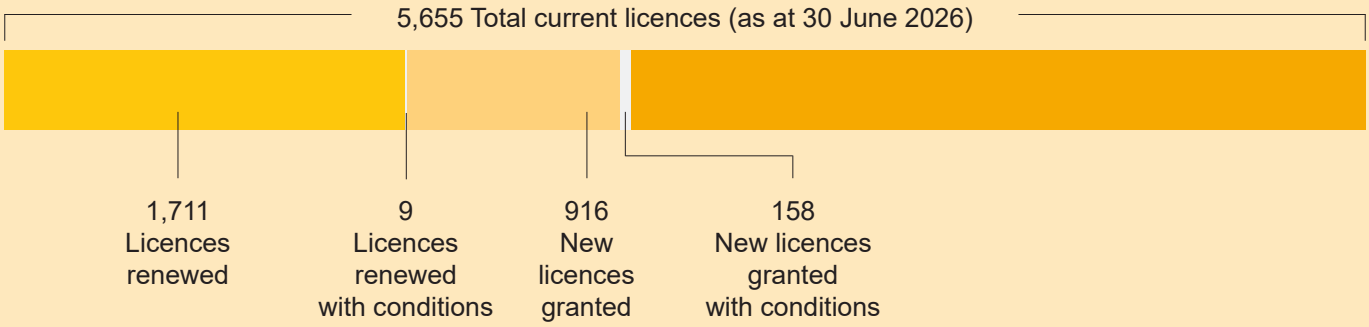
While LHA is now well positioned to play its part in dealing with the supply of non-compliant labour hire services, the Commonwealth has much more work to do in order to effectively treat the relentless demand for such services – work that law-abiding employers and employees in the industry desperately need and deserve.



**Steve Dargavel**

Labour Hire Licensing Commissioner

# Licensing




| | |
|---|---|
| Notices of intention to refuse issued | 215 |
| Notices of intention to cancel issued | 731 |
| Licences refused | 114 |
| Total licences cancelled* | 694 |

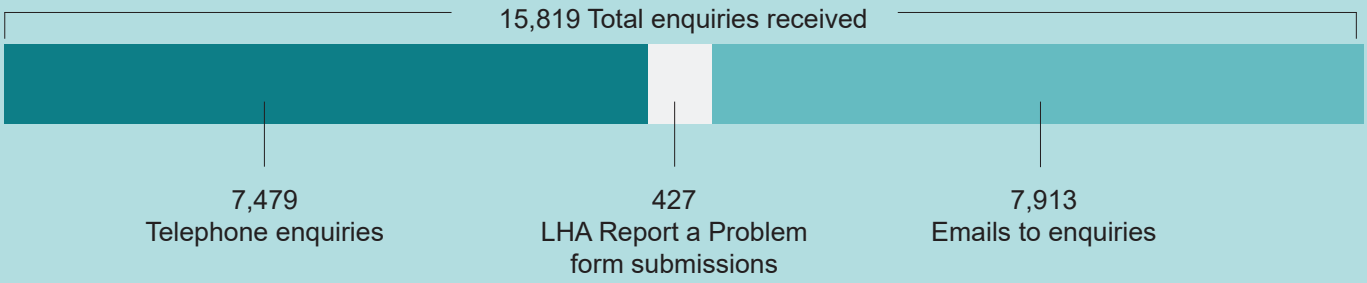
*including cancelled at provider request

# Compliance and enforcement

| | |
|---|---|
| Investigations finalised | 291 |
| Matters currently under investigation* | 249 |
| Field activities conducted | 69 |
| Total penalties imposed following court hearings | $936,000 |

*as at 30 June 2026

## Enquiries




| | |
|---|---|
| Provider notifications sent | 1,077 |
| Information requests sent | 3,268 |

## Communications and engagement

| | |
|---|---|
| Mentions of LHA in news media | 690 |
| Stakeholder engagement activities | 72 |
| LHA News monthly e-newsletter* | 14,429 |
| LHA website visits | 222,421 |

*number of subscribers as at 30 June 2026

## Our purpose

To protect workers from being exploited by providers of labour hire services and hosts.

To improve the transparency and integrity of the labour hire industry.

## Our vision

That all labour hire workers in Victoria are protected from exploitation and that labour hire in Victoria is lawful and operates with integrity.

# Our regulatory functions

### We administer the Labour Hire Licensing Scheme in Victoria by:

- publishing and maintaining a register of licensed labour hire providers and applicants on our website
- granting or refusing licence applications
- suspending, cancelling, or imposing conditions on licences
- ensuring that providers meet their reporting and payment obligations.

### We promote compliance by:

- engaging with stakeholders
- providing education and guidance material about legal obligations, including workplace laws
- distributing information about duties, rights and obligations under the *Labour Hire Licensing Act 2018* (Vic) (LHL Act) and the *Labour Hire Licensing Regulations 2018* (Vic).

### We monitor, investigate and enforce compliance by:

- conducting compliance audits on licence holders
- responding to complaints, information and intelligence
- collaborating and sharing information with other regulators and enforcement agencies
- conducting proactive compliance campaigns to address particular harms or to provide an industry compliance focus
- investigating and bringing civil penalty proceedings for prohibited conduct under the LHL Act.

### We support delivery of our regulatory functions through corporate services, including:

- finance
- information and communications technology
- people and culture
- strategy and governance
- accommodation and business services.

# Our values

**We are responsive.**
We are approachable and provide timely, useful and accurate information.

**We are respectful.**
We respect our stakeholders, colleagues and ourselves.

**We act with integrity.**
We have unbiased and honest interactions and use our powers responsibly.

**We demonstrate leadership.**
We seek to have a positive influence and to empower others.

**We are impartial.**
We are fair and consistent in our application of the law and consider all relevant facts and fair criteria on merit without bias.

**We are accountable.**
We fulfill our objectives in a clear, transparent and responsible way.

**We respect human rights.**
We administer the law and deliver decisions, advice and policy that respect and support everyone's human rights.



# 1. Report of operations

# Year in review

The LHA Strategic Plan 2022–27 outlines the four strategic priorities that guide our regulatory, operational and organisational functions. In 2025–26, including the work undertaken to implement reforms to the regulatory scheme, LHA made important progress against each of these priorities:

1. **Create and maintain a fair and lawful labour hire industry**
2. **Achieve high impact compliance and enforcement outcomes**
3. **Educate and engage with industry and the community**
4. **Be a great place to work that is safe, agile, collaborative and well governed.**

# Regulatory reform

## Implementing Victoria's stronger, broader labour hire laws

In December 2025, the Victorian Parliament passed the Labour Hire Legislation Amendment (Licensing) Bill to strengthen LHA's powers to address unlawful conduct in labour hire and the construction industry.

The first amendments to the *Labour Hire Licensing Act 2018* (Vic) (LHL Act) took effect in December 2025, and the most significant changes became operative on 1 June 2026.

The amendments to the LHL Act include:

- broadening LHA's ability to publish contextual information around licensing actions to promote compliance and educate hosts and providers
- adding circumstances in which a person may not be a fit and proper person to operate a labour hire business, including where a close associate is not fit and proper
- strengthening LHA's powers to request information to support compliance monitoring.

### December 2025: Stronger powers to collect, share and publish information

On 24 December 2025, the first changes to the LHL Act took effect.

Broadly, these changes:

- strengthen LHA's powers to obtain documents from third parties – such as other regulators, and professional advisers and enablers – in support of investigating, monitoring and enforcing the LHL Act and *Labour Hire Licensing Regulations 2018* (Vic) (LHL Regulations).
- increase LHA's ability to publish information about its work – including contextual information about licensing actions, such as the reasons for a licence cancellation – and to promote compliance and educate hosts and providers about their duties, rights and obligations.
- enable the Labour Hire Licensing Commissioner to share information with other government agencies and the responsible Minister, where it is in the public interest to do so.

### June 2026: Stronger powers to assess and act against unlawful conduct

On 1 June 2026, three important changes came into effect.

**1. A stronger fit and proper person test**

A person who wishes to be involved in running a labour hire company – as a nominated officer or relevant person – needs to pass a more rigorous fit and proper person test.

LHA can consider new factors to determine whether a person is fit and proper, including:

- whether the person is under the control of, or substantially influenced by, another person who is not fit and proper
- the person's character, including their honesty, integrity and professionalism
- the person's capacity to comply with a broad range of legal obligations
- the person's criminal history with respect to a broader range of offences.

**2. Broader scope to assess compliance**

LHA has more scope to assess compliance with relevant laws when making licensing decisions, including decisions to refuse an application or cancel a licence.

It can now consider previous, current and ongoing compliance with a wider range of laws.

In addition to labour hire and workplace laws, these include laws relating to bankruptcy, consumer protection, fair trading and corporate regulation.

**3. Businesses must be financially viable**

To apply for or renew a licence, a labour hire business must declare that it is financially viable.

LHA may request supporting information and documents to assess whether a business meets this requirement before making a licensing decision.

### Implementing and communicating the changes

Implementing the new legislative requirements required substantial changes to LHA's licensing processes and information and communication technology (ICT) systems, to enable new information to be provided through transaction forms such as licence applications, licence renewals and annual reporting.

LHA established a comprehensive Regulatory Reform Program to deliver and communicate these changes to licence holders, applicants and stakeholders, as well as to manage changes to systems and processes for LHA staff.

Information was sent to applicants and tailored cohorts of licence holders to support them in the lead-up to the changes taking effect on 1 June 2026, underpinned by the new licensing processes and ICT systems.

Between April and June 2026, thousands of tailored direct emails were distributed, phased updates to the LHA website were published, and a dozen information sessions were scheduled online and across Victoria, to take place in June and July 2026.

The changes went live successfully on 1 June 2026, with minimal issues. The updated licence transaction forms overwhelmingly functioned as intended, with only low volumes of phone and email enquiries received.

Feedback from the information sessions in June and July 2026 was strongly positive, with more than three in four attendees indicating that the session would help them to comply with the new laws.

## Changes to come in the 2026–27 financial year

Later in 2026, it is anticipated that the final changes to the LHL Act and LHL Regulations will come into effect, including clarifying the definition of ‘provides labour hire services’ to better cover arrangements in a supply chain.

These changes, as well as those implemented in June 2026, will be highlighted and reinforced through a multi-channel communications and industry engagement campaign.

# Create and maintain a fair and lawful labour hire industry

Victoria's labour hire licensing scheme protects workers and supports compliant businesses. It creates a barrier to entry into the labour hire industry by excluding providers who are not fit and proper or who are unwilling or unable to comply with their legal obligations. LHA continued to improve compliance and fairness in the labour hire industry in 2025–26 by refining its licence application assessment practices to help ensure that:

- only fit and proper people (as defined in the LHL Act) are permitted to provide labour hire services in Victoria
- providers understand and are accountable for compliance with relevant workplace, occupational health and safety, taxation, superannuation, migration and labour hire industry laws, and accommodation standards.

From 1 June 2026, LHA introduced standard licence conditions for new licence holders operating in industries with higher risks of worker exploitation and unlawful conduct. LHA will progressively impose these conditions on existing licences in 2026–27.

In the high-risk industries of horticulture, meat and poultry processing, commercial cleaning, and security, these standard conditions act to further:

- increase transparency, by ensuring all workers receive information on their rights, and through reporting on the use of subcontractors, payroll services, and any change in industry
- enforce integrity, through restrictions on cash payments, the use of independent contractors and subcontractors, and clear requirements around accommodation and provision of personal protective equipment.

## Licensing data

Since commencement in April 2019, LHA has granted a total of 10,287 labour hire licences and, at 30 June 2026, 5,655 of those remain active.

Labour hire licences are generally granted for three years, after which licence holders must apply for their licence to be renewed.

In 2025–26, we:

- received 1,098 licence applications
- granted 916 licences
- refused to grant 114 licence applications
- renewed 1,711 licences
- refused to renew 11 licence renewal applications
- cancelled 694 licences for reasons such as breaching relevant laws or failing to comply with licence conditions.

Reasons for a refusal to grant or renew a licence included concerns about whether applicants or relevant persons were fit and proper, and applicants' failure to demonstrate their compliance with legal obligations. In such instances, LHA provided applicants with an opportunity to submit further information prior to making its final decision.

## Enquiries

The Enquiries team is the front door to LHA. In 2025–26, the team responded to 7,479 telephone enquiries, 92 per cent of which were from current or intending labour hire providers. The application process was the leading telephone enquiry type (35 per cent), followed by the payment of fees (12.6 per cent), reflecting the team's role in guiding providers through the practical steps of licensing. In the same period, the Enquiries team managed 7,913 email enquiries.

The team also managed 427 Report a Problem concerns, resulting in the provision of further guidance to the industry or escalation to compliance action.

As the 1 June 2026 commencement date of the LHL Act amendments approached, the team played an important role in helping providers understand the changes, responding to a growing number of enquiries about the new requirements and what they would mean in practice.

In responding to enquiries, the Enquiries team is often the first to identify emerging issues and questions from the industry, making it an important early point of contact in LHA's regulatory work.

## Granting a licence

Assessment of a labour hire licence application is an important way that LHA meets the objects of the LHL Act. LHA assesses licence applications for compliance with the LHL Act, the fit and proper person test and relevant laws.

Licence applicants are required to disclose previous breaches of relevant laws. LHA also conducts checks with both state and federal regulatory agencies to verify each applicant's disclosures.

LHA aims to finalise applications within 30 days where a licence application includes all required information, there is no evidence of a previous breach of relevant laws or lack of capacity to comply with these laws, or there are no concerns about fitness and propriety.

However, where an application is incomplete, or there are concerns about an applicant's compliance or the fitness and propriety of a nominated officer or relevant person, LHA may refuse the application, seek further information and/or refer the application for investigation. This may result in delay in finalising the application.

## Refusing to grant a licence

Refusing licence applications ensures that LHA meets the purpose of the LHL Act – to protect workers from being exploited by providers of labour hire services and hosts, and improve the transparency and integrity of the labour hire industry.

In 2025–26, LHA refused to grant a licence to 114 applicants. The most common reasons for refusals were:

- failing to meet the fit and proper person test
- failing to respond satisfactorily to requests for additional information in support of the application
- misclassifying workers as independent contractors or using the wrong industrial instrument
- accountants completing applications and declarations that an applicant or its officers are required to make under the LHL Act.

Each of these is discussed in more detail below.

**Failure to meet the fit and proper person test**

A licence application may be refused by LHA if a relevant person, such as a director of the applicant business, is not considered to be a fit and proper person under the LHL Act.

From 1 June 2026, amendments to the LHL Act strengthened this test.

In assessing whether a person is fit and proper, LHA must now have regard to:

- whether the person has been found guilty of an indictable offence
- whether the person has been disqualified from managing corporations within the meaning of Part 2D of the *Corporations Act 2001* (Cth)
- the person's capacity to comply with relevant laws and their history of compliance
- whether the person has previously had their licence cancelled, suspended or revoked by LHA or by another labour hire regulator (other than at their own initiative)
- whether the person has been insolvent or was an externally administered company under the *Corporations Act*
- the person's character (honesty, integrity and professionalism)
- whether the person is controlled or substantially influenced by another person who is not fit and proper.

LHA may also have regard to any other matter considered relevant.

**Case study**

### Identifying worker exploitation risks through comprehensive licence assessment

A labour hire applicant declared that it had engaged in prohibited conduct by supplying approximately 50 workers as independent contractors in the healthcare and social assistance industry without a licence.

LHA conducted a comprehensive assessment, including regulatory enquiries, open-source intelligence searches and requests for further information. The assessment identified an ongoing Fair Work Ombudsman (FWO) investigation, evidence that the applicant had commenced providing labour hire services without a licence, uncertainty regarding WorkCover insurance coverage, and potential misclassification of workers as independent contractors without superannuation contributions.

The applicant was given an opportunity to respond to LHA's concerns and provide further information regarding its worker engagement model and insurance arrangements.

LHA refused to grant the licence after determining that the applicant was not fit and proper because they had contravened labour hire licensing laws, and they had not demonstrated compliance with key legal obligations. LHA also made a referral to WorkSafe Victoria regarding potential non-compliance with WorkCover obligations.

This demonstrates LHA's ability to identify complex worker exploitation risks, thoroughly assess compliance, and work collaboratively with partner regulators to protect vulnerable workers

**Failure to respond satisfactorily to requests for additional information**

LHA may require additional information when assessing a licence application. This can involve calling applicants, speaking to their nominated officer, or sending a request through the Labour Hire Licensing Online portal. Applicants must respond to these requests to enable proper assessment of the application. LHA refuses licence applications where applicants fail to respond satisfactorily to requests for information.

For example, if LHA requests a compliance plan and it does not satisfactorily demonstrate how relevant laws will be complied with, the licence application may be refused. The following case study emphasises the importance of labour hire businesses having a compliance plan to ensure that they will meet their legal obligations. This plan helps mitigate risks associated with misunderstandings of legal requirements that could lead to unsafe working conditions and violations of employee entitlements. It is crucial for labour hire businesses to not only develop and implement this plan, but also make it accessible to LHA when requested, ensuring transparency and accountability in their operations.

**Case study**

### Refusing applications where the applicant does not have a satisfactory plan for complying with its legal obligations

During the assessment of a licence application to supply workers in the transport, postal and warehousing industry, LHA considered the applicant's business plan, financial model and proposed employment arrangements.

The assessment identified significant concerns, including inadequate working capital, reliance on client payments to fund wages, and employment agreements that were inconsistent with the relevant award and likely to result in worker underpayment. Together, these issues demonstrated that the applicant had not established the systems, resources or business model necessary to meet its legal obligations. The licence application was refused.

This demonstrates LHA's role in assessing whether prospective providers have the capability and capacity to comply with workplace and labour hire laws, and preventing those with unsuitable business models from entering the labour hire industry, thus reducing the risk of worker harm.

**Misclassification of workers**

The misclassification of employees as independent contractors is a focus for LHA because of the significant harm:

- to workers – through undercutting the minimum wages set in the modern award or enterprise agreement, and the perceived ability to avoid other legal obligations such as superannuation and portable long service leave
- to the community – through the avoidance of taxation obligations such as PAYG, withholding and payroll tax, and failing to pay adequate premiums for workers' compensation
- to compliant businesses – which are unfairly disadvantaged when competing against non-compliant providers that have unlawfully lowered their costs.

LHA pays close attention to businesses that intend to supply workers as independent contractors.

Some businesses are motivated to incorrectly engage workers as independent contractors because they believe it will lower costs. This risk increases in industries with high labour input, low wages and limited training, such as commercial cleaning, horticulture, meat processing and security.

In reality, a business's legal obligations to workers are often similar or identical, regardless of whether they are engaged as employees or as independent contractors.

Labour hire workers may be misclassified as independent contractors:

- regardless of them being engaged under an Australian Business Number (ABN)
- if working as part of the labour hire provider or host's business, rather than genuinely conducting their own business
- if subject to control about how their work is performed, as an employee would be.

If workers have been misclassified, LHA can take a variety of actions, including educating the applicant about the laws, imposing conditions, making a referral to FWO and/or refusing to grant a licence. To reduce the risk of worker exploitation by labour hire providers, LHA now applies standard conditions in high-risk industries that prevent providers from using independent contractors to carry out work that would ordinarily be performed by employees.

Misclassification can be a genuine mistake, as applicants may not understand the meaning of 'independent contractor', so education remains an important part of LHA's approach.

This approach has influenced licence applicants to convert workers from independent contractors to employees in situations where:

- workers were undertaking low-paid work that does not require significant training or skill development, such as in the commercial cleaning, meat and poultry processing, horticulture and security industries
- workers were more likely to be working in the business of the labour hire provider than running their own business.

**Case study**

### Improving compliance through early regulatory intervention

During the assessment of a licence application to supply workers in the transport, postal and warehousing industry, LHA identified several compliance risks, including potential sham contracting, underpayment of workers, non-compliance with owner-driver obligations, inadequate workplace safety planning, and employment contracts that were not suitable for the Australian regulatory framework.

LHA undertook a detailed assessment of the applicant's business model, contracts and proposed worker arrangements, and made a preliminary finding that the application should be refused, outlining the identified concerns and providing the applicant with an opportunity to respond.

In response, the applicant amended their business practices by agreeing to engage warehouse workers as employees under the relevant award, pay superannuation, comply with owner-driver obligations for contractors, and update their contracts and business processes to address the identified risks.

LHA determined that the risks to workers had been satisfactorily addressed and granted the licence with conditions to enable ongoing monitoring of compliance.

This demonstrates LHA's role in preventing worker harm by identifying compliance risks early, educating new providers, and securing improved business practices before labour hire operations commence.

**Case study**

### Educating applicants while managing emerging compliance risks

During the assessment of a licence application to supply workers in the commercial cleaning industry, LHA identified risks to workers whom the applicant proposed to engage as independent contractors. The applicant was new to Victoria but had operated out of another Australian state for some time. Their workers in that state were engaged as independent contractors but appeared to have little control over their work. LHA was concerned that the arrangement was principally for the supply of labour, and there was a risk that workers would not receive superannuation benefits and other lawful entitlements.

LHA undertook a detailed assessment, which included searching open-source intelligence, making multiple requests for further information, reviewing financial records and verifying supporting evidence. Throughout the assessment, LHA worked with the applicant to clarify their legal obligations and provided opportunities for them to respond to identified concerns.

The applicant acknowledged that their understanding of worker entitlements was limited and planned to engage legal advice prior to engaging workers. The applicant agreed to classify some workers as employees, but left the door open to engaging independent contractors where a genuine need existed.

LHA considered that there still remained a risk of worker misclassification and granted the licence subject to conditions that enabled ongoing monitoring of compliance.

This demonstrates LHA's balanced regulatory approach – LHA thoroughly investigated potential non-compliance, educated the applicant about their legal obligations, and used licence conditions to support ongoing compliance and protect workers.

**The role of accountants, advisers and enablers**

Professional advisers, including accountants, often support applicants through the licensing process, and their involvement can be a legitimate part of preparing an application. The licence obligations, however, sit with the applicant. Because applicants must personally make a number of declarations, LHA considers closely whether they genuinely understand what they have attested to.

In 2025–26, LHA refused applications where third parties, such as accountants:

- falsely declared that they were the applicant
- declared matters without the applicant having knowledge of the contents
- authored business plans that the nominated officer was unable to recall or understand.

In such matters, the adviser's involvement raised questions about their true role and whether they should have been declared as a relevant person. It also meant that LHA could not rely on the applicant's business plan as assurance of future compliance. Reliance on advisers is no substitute for the applicant being able to account, in their own right, for the business model, worker engagement obligations, and payroll, superannuation, taxation and workplace compliance.

Where an applicant cannot explain these matters without deferring to an adviser, it may indicate that the nominated officer is not exercising the day-to-day control that the scheme requires, leaving LHA unable to be satisfied that the applicant can operate a compliant labour hire business.

**Case study**

### Refusing an application due to lack of understanding of legal obligations and reliance on adviser

During the assessment of a licence application to supply workers in the horticulture industry, LHA identified intelligence linking the applicant's nominated accountant to a number of other labour hire entities. This prompted further enquiries with the applicant to understand the governance of the business and whether the nominated officer was exercising genuine control.

LHA conducted an oral inquiry, to assess the nominated officer's understanding of their legal obligations and their capacity to operate a compliant labour hire business. The inquiry found that the nominated officer was unable to explain key employment obligations, including how workers would be paid, and intended to rely almost entirely on an external accountant to manage payroll, taxation and workplace compliance.

Despite being provided with an opportunity to respond, the applicant did not demonstrate a practical understanding of their obligations or provide a credible plan for achieving compliance. LHA refused the licence application.

This demonstrates that while professional advisers play an important role in supporting businesses, responsibility for complying with labour hire, workplace and other relevant laws ultimately rests with the licence holder. LHA assesses whether applicants have the knowledge, oversight and governance necessary to operate a compliant labour hire business and protect workers from harm.

## Exercising discretion to grant a licence

LHA can refuse to grant a licence if an applicant has not met the application requirements. When an applicant does not satisfy every requirement, including the fit and proper person test, a licence is not automatically refused. LHA may still grant a licence when it is appropriate in all the circumstances or may refuse to do so where the risks cannot be managed.

LHA may look beyond whether a requirement has been met and weigh the full picture of the application, including the nature and seriousness of any adverse findings, the risk of exploitation or harm to workers, the impact on the integrity of the labour hire industry, and the candour that the applicant has shown. It ensures that decisions are based on a considered assessment of the real business and the people behind it.

# Achieve high impact compliance and enforcement outcomes

LHA has continued to achieve high-impact outcomes through its Compliance and Enforcement Program, which has seen significant interventions across industries, occupations and regions. The Compliance and Enforcement Program 2025–26 continued to focus on proactively shifting behaviour in relation to high-impact harms, specifically targeting high-risk industries.

LHA takes a reasonable and proportionate approach to compliance, with an emphasis on assisting those who are willing and able to comply with their obligations. Firmer compliance actions – such as licence conditions, suspensions, cancellations or court proceedings – are considered where providers are deliberately non-compliant or lack the capacity to comply with their legal obligations, which indicates a high likelihood of worker exploitation.

In 2025–26, LHA cancelled the Victorian labour hire licences of 694 businesses. Removing these businesses from the industry protects workers and creates a more level playing field for businesses doing the right thing.

We also continued our strong enforcement record, with successful civil and criminal court proceedings across the labour hire sector, including in those industries identified as high-risk within the labour hire licensing scheme. Our enforcement actions to date have led to almost $4 million in penalties being imposed upon both companies and individuals.

Shifting stubborn non-compliance across the labour hire industry requires a collaborative effort with Commonwealth, state, territory and local government regulators and law enforcement agencies. LHA's collaboration with these regulators and agencies continues to be critical in detecting and dealing with significant non-compliance that results in harm to workers, the labour hire industry and the community.

For example, LHA has been an active member of state and Commonwealth-led multi-agency taskforces established to respond to the infiltration of the construction industry by organised crime – sharing intelligence with state and Commonwealth agencies and conducting several joint inspections with Victoria Police. LHA is also a member of the Victorian Government's alliance of regulators, law enforcement agencies and other entities working to address allegations related to Victorian Government construction sites.

LHA has continued to work with the Australian Taxation Office (ATO) and Phoenix Taskforce agencies to detect and deter illegal phoenix activity, with a particular focus on the horticulture and security industries (see 'Illegal phoenix activity in the horticulture industry', below at p28). This included several multi-agency field operations at farms in Victorian regions where there is a high risk of exploitation and non-compliance.

LHA also conducted joint inspections with Victoria Police's Licensing and Regulation Division (LRD) in the security industry, with WorkSafe Victoria in the aviation industry, and with local councils in relation to compliance with minimum accommodation standards.

The Labour Hire Licensing Commissioner used public interest disclosure powers – which came into effect in December 2025 – to share information about labour hire providers with government agencies to support them to manage risk and compliance in their supply chains.

In 2025–26, LHA worked closely with:

- Phoenix Taskforce
- ATO
- Australian Border Force (ABF)
- FWO
- WorkSafe Victoria
- Australian Federal Police
- Victoria Police, including its LRD
- Queensland Labour Hire Licensing and Compliance Unit
- Department of Employment and Workplace Relations – Pacific Australia Labour Mobility (PALM) scheme
- Victorian Registration and Qualifications Authority
- local councils.

## Compliance activities in the field

In 2025–26, LHA compliance officers conducted 87 site inspections[1] and 23 inspections of worker accommodation.

During these inspections, officers conducted 223 field activities,[2] interviewing:

- 61 hosts
- 52 providers
- 110 workers.

1 'Site inspections' is a new measure. It represents the number of sites that LHA officers inspected. It excludes worker accommodation inspections. Site inspections are mainly conducted at host or provider premises, but they may also be conducted at other premises, such as accountants' offices.

2 'Field activities' represent the number of hosts, providers, workers and accommodation premises that LHA has interviewed or inspected.

This is up from 145 field activities in 2024–25 and represents an increased focus on compliance activities in the field.

LHA also finalised 291 investigations.

The most common issues in 2025–26 are detailed in the table 'Common compliance and enforcement issues' in Section 7 of this report: 'Reference data'.

## Enforcement outcomes

The LHL Act provides LHA with a number of enforcement tools to support its objectives of removing non-compliant participants from the industry, deterring others from engaging in prohibited conduct, and ensuring that unlawfulness is met with penalties that are more than 'the cost of doing business'.

In 2025–26, LHA undertook enforcement actions through court proceedings across a wide range of industries, occupations and regions, and against both companies and individuals. These resulted in the enforcement of a range of civil penalty contraventions and criminal offences.

Significant outcomes in 2025–26 included:

- achieving a record penalty against a labour hire company and its director who exploited farm workers and targeted Nepalese migrants
- obtaining criminal penalties against a company director who provided false and misleading information to LHA and allegedly offered a bribe to an LHA inspector
- successfully prosecuting LHA's first case for advertising without a licence, with penalties imposed on a company and its director for advertising in the horticulture and meat processing industries
- obtaining judgment against an unlicensed company and its officer for receiving over $3 million for unlicensed labour hire services, after serving the parties with legal documents in Malaysia.

Where penalties are awarded in cases brought by LHA, this money is due to the Victorian Government and is paid to consolidated revenue, rather than being received by LHA.

Under the LHL Act, it is unlawful for individuals or organisations without a licence to advertise labour hire services in Victoria or hold themselves out to be a labour hire provider. Under the LHL Act, it is a criminal offence to knowingly provide false or misleading information to the LHA. The following case studies highlight the significant consequences of contravening these legal obligations.

**Case study**

### Record $830,000 in penalties for unlicensed provider who exploited migrant workers

After legal action instigated by LHA, the Supreme Court of Victoria found that Mountain Harvesting Pty Ltd (Mountain Harvesting) and its director, Mr Hom Dawadi, advertised and provided labour hire without a licence, exploited workers and targeted Nepalese migrants. The Court issued penalties totalling $830,000 – the largest ever total penalty for breaches of labour hire law in Australia.

The unlawful conduct took place over a period of two-and-a-half years across major Victorian horticulture regions. Mountain Harvesting had received more than $2.6 million in revenue by supplying over a hundred labour hire workers to farms in Woorinen and Tatura without a licence. The company was penalised $750,000, and Dawadi $80,000 for his involvement in the contraventions.

The Court found that the company's workers were exploited as they did not receive full superannuation entitlements.

The company and Dawadi also unlawfully advertised that Mountain Harvesting provided labour hire services. They targeted migrant workers, particularly Nepalese working holiday visa holders, with more than 50 Facebook advertisements over several years offering work picking fruit and vegetables in Mildura, Swan Hill, Robinvale, Lilydale and Shepparton.

At least one advertisement offered a rate of $17 per hour for apple picking – an unlawfully low rate that is well below the minimum in the Horticulture Award.

The Court also found that Dawadi lied to LHA when he applied for a licence in July 2020, stating that Mountain Harvesting was not already providing labour hire. LHA refused the application.

Case study

## A fake invoice, lies and an alleged bribe offer – dishonest director ordered to pay $19,009

A company director, Mr Korb Tin, was ordered to pay $19,009 in penalties and costs after providing false or misleading information to LHA when applying for a labour hire licence.

The Dandenong Magistrates' Court found that Tin gave false information to LHA when he stated that he was not involved in another labour hire business, and further found that he supplied a false invoice to support his licence application.

Tin's repeated breaches of the LHL Act occurred over several months, in response to LHA requests for information.

The Court stated that if not for Tin's early guilty plea, he would have been issued a higher penalty, closer to the maximum of $25,000.

Tin had applied for a labour hire licence for his business 889 KSK Pty Ltd (KSK) to operate in the horticulture industry.

When assessing an application, LHA may make enquiries to test whether a business and its relevant persons are fit and proper and compliant with relevant laws, including labour hire laws.

While KSK's application was being assessed, Tin provided false information to LHA on three occasions, advising that he was not involved in his wife's labour hire business, Korbkorb9 Labour Hire Pty Ltd (Korbkorb9).

However, Tin was found by the Court to have had an interest in and performed work for Korbkorb9 at the time of applying for a licence for KSK.

The Court also found that Tin provided a falsified invoice for the purchase of equipment. This was designed to mask that a payment into KSK's account was actually a payment for labour hire services by a host orchard to Korbkorb9, which had been arranged by Tin.

### An improper proposal

Until a business's licence application has been assessed and granted by LHA, it is unlawful for that business to provide labour hire services in Victoria.

The Court heard that Tin attempted to contact LHA officers in September 2022 to query the progress of KSK's licence application. This included an alleged offer that if an LHA officer granted KSK's licence, Tin would 'do something for them'.

Two days after this alleged offer, the same LHA officer received a text message from the same phone number saying '… do you want me pay 10k first I can go bendego [sic] thank you'.

The alleged offer of payment was not accepted, and KSK's licence application was refused.

The LHA officer immediately escalated the matter within LHA, and the alleged offer of payment was reported to Victoria Police and the Independent Broad-based Anti-corruption Commission. It is an offence in Victoria to attempt to bribe a public official, punishable by up to 10 years' imprisonment.

Case study

## Penalties of $91,000 for Queensland business and director who advertised unlicensed

The Magistrates' Court of Victoria issued penalties totalling $91,000 to Queensland-based company Gobally Talent Group Pty Ltd (Gobally) and its director, following legal action by LHA. The case was the first prosecution for advertising unlicensed labour hire services in Victoria.

Gobally had advertised for labour hire workers to pick grapes in Mildura, and to work in abattoirs in Stawell, Horsham and the Grampians.

The advertisements were published on Facebook and on Gobally's website between February and September 2024, and were primarily directed towards Indonesian and Taiwanese working holiday visa holders.

**Case study**

### Supreme Court finds unlicensed labour hire company made $3 million through 147 breaches

The Supreme Court of Victoria found that YCC Workforce Pty Ltd (YCC Workforce) and Ms Yee Li Kien, an officer of the company, contravened the LHL Act a total of 147 times.

YCC Workforce did not hold a labour hire licence when it supplied horticulture workers to an intermediary company, which on-supplied those workers to two orchards to perform fruit picking and packing between August 2019 and March 2021. YCC Workforce had been paid over $3 million for unlawful labour hire services.

Following this, Kien and the director of YCC Workforce left Australia for Malaysia. LHA officers were able to locate Kien and the director in Malaysia, where they served them with documents, commencing the legal proceedings against them.

The Court found that Kien was knowingly concerned in, or aided or abetted, the company's contraventions.

The matter will return to court in November 2026 for a penalty hearing.

LHA has several matters before Victorian courts. It has:

- commenced legal action in the Supreme Court alleging that four Swan Hill farms procured workers from an unlicensed labour hire provider
- commenced legal action in the Supreme Court alleging that a Yarra Valley orchard procured workers from an unlicensed labour hire provider
- filed eight criminal charges against the owner of a labour hire company alleging that he knowingly provided false information to LHA
- filed nine criminal charges against the director of a labour hire licence applicant alleging that she knowingly provided false and misleading information and documents to LHA.

Under the LHL Act, the same penalties apply to businesses that use and businesses that provide unlicensed labour hire services. Maximum penalties per breach exceed:

- $660,000 for a corporation
- $160,000 for an individual.

**Case study**

### Unlicensed labour hire company, and four Swan Hill farms it allegedly supplied workers to, face legal action

In action commenced in the Supreme Court of Victoria, LHA alleges that an unlicensed company, Soo Soo Siong Pty Ltd (Soo Soo Siong), supplied workers to four farms in the Swan Hill region.

The farms named in the action were:

- Cutri Fruit Trusco Pty Ltd
- Infantino United Fruit Pty Ltd
- Mallee Fresh Produce Pty Ltd
- A & A Marra & Sons.

LHA's investigation began after a tip-off that Soo Soo Siong was paying workers in cash below the legal minimum rate. LHA alleges that the farms paid Soo Soo Siong approximately $750,000 over 11 months, and that two individuals were knowingly involved in the contraventions.

LHA further alleges that one of those individuals, Mr Lee Kwai Chow, confined a person to a property and restaurant in Swan Hill for over three years, and used that person's name and passport, without their knowledge or consent, to open a bank account and apply for a labour hire licence.

LHA expects the matter to return to the court in 2026–27.

Case study

## Yarra Valley orchard, allegedly unlicensed provider and director face legal action

LHA has commenced legal action in the Supreme Court of Victoria alleging that a Yarra Valley orchard procured workers from an unlicensed labour hire provider.

The case alleges that:

- H. & L.M Sanders Pty Ltd, trading as Sanders Apples, procured workers from an unlicensed provider, Dombin Workforce Pty Ltd (Dombin Workforce)
- Dombin Workforce supplied workers to the orchard without a labour hire licence on at least 30 occasions between 1 November 2023 and 18 June 2024
- Ms Bintari Endang Purwati, director of Dombin Workforce, was knowingly concerned in, or a party to the contraventions.

The case reflects LHA's enhanced focus on compliance by host businesses, targeting the unlawful use of unlicensed labour hire operators.

The Yarra Valley has been a key focus for LHA engagement, compliance and enforcement activities in 2025–26, including:

- unannounced site visits to growers, including an LHA compliance operation in February 2026
- licensing action, such as refusing, cancelling and imposing conditions on licences
- prosecuting unlawful behaviour
- a forum hosted jointly with FWO in Healesville to discuss common issues in the region and ways for providers and hosts to improve compliance.

LHA expects the matter to return to the court in 2026–27.

Case study

## Eight criminal charges filed against horticulture business owner who allegedly provided false information to LHA

LHA filed eight criminal charges against the owner of a labour hire company, Mr Hanh Thanh Truong, alleging that he knowingly provided false information to LHA.

LHA's action, filed in the Magistrates' Court, alleges that Truong:

- falsely stated in his labour hire licence application that he was not already supplying labour hire workers to horticulture businesses
- continued to provide false information in response to subsequent LHA enquiries.

The charges carry a maximum total penalty of more than $220,000.

LHA granted Truong's labour hire licence based on the allegedly false information in his original application.

After the licence was granted, LHA alleges that Truong further contravened the LHL Act by:

- providing false information in declarations and responses to LHA requests for information
- failing to produce information relating to his business when requested by LHA
- submitting false or misleading information to LHA in his first annual report, including stating that he only provided one worker to a host for the reporting period.

LHA expects the matter to return to the court in 2026–27.

Providing false or misleading information to LHA or an LHA inspector is a criminal offence under the LHL Act, carrying maximum penalties per charge of more than:

- $30,000 for an individual
- $150,000 for a company.

**Case study**

### Nine criminal charges filed against director of labour hire company for providing false information to LHA

LHA filed nine criminal charges in the Magistrates' Court, alleging that the director of Veng Hong Pty Ltd (Veng Hong), Ms Kim Buoy Ghov, made false statements in the company's labour hire licence application.

The application claimed that the company intended to start a new horticulture labour hire business in Victoria that was not yet in operation. LHA alleges that this information was false as the company was already providing labour hire, despite not having a licence.

Ghov also allegedly continued to provide false and misleading information in response to subsequent LHA enquiries relating to Veng Hong's licence application, including:

- that Veng Hong was waiting for a licence and was not working for another labour hire provider; nor did it have any association or financial dealings with another provider
- the number and nature of bank accounts that Veng Hong operated in its business capacity.

After LHA's investigation, Veng Hong's licence application was refused.

The nine charges carry a maximum total penalty of more than $250,000.

LHA expects the matter to return to the court in 2026–27.

## Industry focus – Horticulture

LHA's compliance and enforcement activities continued to focus on the horticulture industry in 2025–26.

The horticulture industry has a higher risk of worker exploitation due to the seasonal and transitory nature of the work, and the high proportions of migrant workers from a range of backgrounds, including PALM scheme workers. The industry also poses a regulatory challenge, as bad actors move across the state with the harvest season, and there is solid evidence to show that they orchestrate harms across regional or jurisdictional boundaries.

LHA's focus on horticulture has led to significant compliance and enforcement outcomes, improving fairness for both businesses and workers.

LHA has taken a range of actions against businesses operating in the horticulture industry for non-compliance with the LHL Act, including cancelling 280 licences and refusing 218 licence applications to date.

Since commencement of the scheme in 2019, LHA has also taken more enforcement action in the horticulture industry than in any other industry, with more than $3 million in penalties imposed on businesses and individuals for failing to comply with their legal obligations.

In 2025–26, LHA took enforcement action against several companies and individuals in the horticulture industry for providing or advertising labour hire without a licence, engaging unlicensed providers, providing false and misleading information to LHA and failing to comply with licence holders' obligations to produce labour hire records.

This included action taken against an unlicensed provider and its director that targeted Nepalese migrants, failed to pay workers' superannuation, and advertised rates as low as $17 per hour. The Supreme Court of Victoria issued the company and its director with penalties totalling $830,000 – the largest ever total penalty for breaches of labour hire law in Australia, reflecting unlawful conduct over several years across major Victorian horticulture regions. See 'Case study: Record $830,000 in penalties for unlicensed provider that exploited migrant workers', above at p20.

LHA also continued its strategic focus on host prosecutions and has five hosts in the horticulture industry before the courts for engaging unlicensed providers. The hosts each face penalties exceeding $650,000 per contravention.

Compliance activities in 2025–26 included 54 site inspections and 23 inspections of worker accommodation to identify any non-compliance by providers or hosts.

These included targeting areas of Victoria that have higher levels of non-compliance, such as the Yarra Valley, the Mornington Peninsula and Mildura.

LHA continues to work collaboratively with law enforcement agencies and other regulators to ensure that non-compliance can be investigated and enforced across workplace laws and obligations under each regulator's jurisdiction.

Collaboration between agencies and the involvement of federal agencies are key to removing exploitative providers from the industry and protecting workers. In 2025–26, LHA conducted joint operations with FWO in Mildura, the Mornington Peninsula and Pakenham.

**Case study**

## Mildura – Arrests for alleged money laundering

LHA targeted the Mildura region in 2025–26, resulting in arrests by Victoria Police in connection with alleged money laundering, the identification of criminal syndicate involvement and licence fraud, and ongoing investigations into exploitation of workers by licence holders. LHA cancelled 10 labour hire licences linked to the region.

LHA also conducted engagement activities with workers, providers and hosts in the region.

**Money laundering arrests**

Four foreign nationals were arrested and bank accounts worth over $3.3 million were seized by Victoria Police after investigation and referral by LHA.

The actions disrupted a significant alleged money laundering syndicate operating in Mildura.

LHA officers worked in partnership with Victoria Police, AUSTRAC and other agencies, as part of ongoing LHA operations targeting unlawful activity by labour hire businesses in the region.

This work helped to establish the extent of the activity, identify criminal behaviour patterns, and understand the people and businesses involved.

LHA established an intelligence picture showing a sophisticated laundering methodology involving deposits and withdrawals in the Mildura CBD and made a formal referral to Victoria Police.

The scheme also involved a form of labour hire licence fraud, where companies were registered with names closely resembling licensed businesses, to deceive hosts into believing they were licensed.

LHA has cancelled the licences of businesses suspected of being linked to the criminal syndicate.

Following investigation by the Criminal Proceeds Squad, Victoria Police executed search warrants at five residential addresses and one restaurant in Mildura and made four arrests.

In total, investigators seized:

- an ANZ bank account containing $2.5 million
- an NAB bank account containing $895,000
- approximately $100,000 in cash
- over 50 mobile phones
- four luxury watches valued at over $150,000 in total
- over 100 various bank cards
- various documents linking to accounts used to launder money
- Western Union transfer documentation
- over 155,800 illicit cigarettes
- two SIM boxes
- multiple SIM cards and electrical devices.

The investigation remains ongoing.

Case study

## Mildura – criminal syndicate involvement and worker exploitation

Unlawful labour hire companies have been targeting horticulture businesses in the Mildura region, putting growers at risk of fines, disruption and involvement with criminal elements.

LHA put labour hire hosts and providers in Mildura on notice by conducting unannounced visits to farms in the region in March 2026 and – with Phoenix Taskforce members and representatives of FWO and the ABF – in July 2025.

As part of the operations, LHA officers interviewed workers and key staff from hosts and providers and collected financial documents to enable the investigation of potentially unlawful conduct.

Regulators identified criminal syndicate involvement in the region, and issues as serious as forced labour – a type of modern slavery. Companies have been attempting to avoid the scrutiny of regulators through licence fraud.

Labour hire providers have been found:

- producing fraudulent paper licences
- doctoring digital files relating to their licensing status
- claiming to be a specific licensed company without that company's knowledge and then giving a host their own contact and bank details for payment.

LHA officers also identified evidence of a range of other issues, including workers who were:

- receiving low pay and inadequate award entitlements
- being paid cash-in-hand
- unable to identify who their employer was
- being housed in accommodation that was overcrowded and unsanitary, lacked privacy, did not contain adequate kitchen facilities, lacked suitable heating and cooling, and was infested with pests.

Investigations are ongoing into alleged non-compliance uncovered during the visits, and LHA will continue to work alongside the other agencies on any outcomes.

**Engagement activities**

LHA compliance officers met with a local migrant advocacy organisation to gather intelligence and understanding of issues in the Mildura region and later conducted an engagement session with workers to help them understand their rights and how they can make a report to LHA.

LHA and FWO also conducted a joint engagement session with hosts and providers to highlight findings from compliance operations in the region, the consequences of non-compliance, and how hosts and providers can protect themselves from the risk of fines, disruption and involvement with criminal elements.

Case study

## Yarra Valley – proceedings against local grower, criminal syndicate involvement and worker exploitation

LHA continued its focus on the Yarra Valley region in 2025–26, commencing proceedings against a grower and an unlicensed provider, and conducting several operations across multiple sites in the area over the year.

Both LHA and FWO have identified high rates of non-compliance and exploitation in the region. LHA has prosecuted more Yarra Valley businesses for unlawful conduct than in any other region and, in 2025–26, it commenced proceedings in the Supreme Court of Victoria alleging that a Yarra Valley orchard procured workers from an unlicensed labour hire provider: see 'Case study: Yarra Valley orchard, allegedly unlicensed provider and director face legal action', above at p23.

During compliance inspections in the area, LHA officers identified evidence of a range of issues, including:

- unlicensed operations
- licence fraud
- criminal syndicate involvement
- illegal phoenix activity
- underpayment of wages and superannuation.

Investigations are ongoing into alleged non-compliance uncovered during the visits, and LHA will continue to work alongside the other agencies on any outcomes.

**Engagement activities**

LHA and FWO conducted two joint engagement sessions with hosts and providers in the region to highlight findings from LHA's compliance operation and the consequences of non-compliance.

The sessions also covered how hosts and providers can protect themselves from the risk of fines, disruption and involvement with criminal elements when engaging labour hire services.

**Case study**

## Mornington Peninsula – high-risk industries under the microscope during inspections

Underpaid workers and health and safety were among issues identified in inspections at Mornington Peninsula businesses by LHA and FWO in April 2026.

LHA undertook the joint inspections with FWO as part of ongoing collaboration to tackle non-compliance in high-risk horticulture regions.

During the inspections of labour hire hosts and providers in high-risk industries, LHA officers witnessed a worker being injured, allegedly due to poor work health and safety practices.

LHA officers also identified evidence of a range of other issues, including workers who were:

- receiving low pay and inadequate award entitlements
- being paid cash-in-hand, with no tax or superannuation
- unable to identify who their employer was
- not being provided adequate breaks
- working without appropriate health and safety measures.

In addition, LHA identified unlicensed operators in the area.

LHA highlighted findings from the compliance operation to hosts and providers in the region at a joint engagement session with FWO following the inspections.

Investigations are ongoing into alleged non-compliance uncovered during the visits. LHA referred concerns with health and safety to WorkSafe Victoria.

**Standard conditions**

In 2025–26, LHA commenced imposing standard conditions on all new licences for businesses in the horticulture industry, due to higher risks of worker exploitation and unlawful conduct in that industry. LHA will also apply the standard conditions progressively to existing licences.

The standard conditions for the horticulture industry target significant harms that affect workers, the community, and businesses doing the right thing.

The conditions increase transparency by:

- ensuring that all workers receive information on their rights
- requiring that providers report to LHA on the use of subcontractors, payroll services and any change in industry.

The conditions also enforce integrity by:

- restricting cash payments to workers and subcontractors, given the risk of non-compliance with legal obligations and worker exploitation associated with businesses operating in the cash economy
- prohibiting the supply of workers engaged as independent contractors to hosts, given LHA's view that workers who are engaged to perform horticulture activities are ordinarily employees, rather than genuine independent contractors, and the harms associated with misclassification of employees and sham contracting
- limiting subcontracting to one layer to manage the increased risks of non-compliance with legal obligations under workplace, taxation, superannuation, and occupational health and safety laws in complex supply chains

- providing clear requirements around the provision of personal protective equipment to workers free of charge
- providing clear requirements around the provision of worker accommodation, given the prevalence of overcrowded, unsafe and unsanitary accommodation in the industry: see 'Harm focus – Accommodation', below at p32.

**Illegal phoenix activity in the horticulture industry**

LHA continued its focus on combatting illegal phoenix activity in 2025–26. Illegal phoenixing occurs where a company is liquidated, wound up or abandoned in a deliberate attempt to avoid paying its debts. A new company is then started to continue the same business activities without the debts.

Phoenixing causes significant harm to workers who may miss out on wages, superannuation and entitlements to other businesses that are put at a competitive disadvantage, and to the community through unpaid taxes.

Illegal phoenix activity may be carried out by using 'straw directors', who are appointed to disguise the principals who actually control the business. Common signs of this form of phoenix activity include changes to a company's directors and/or company name, while retaining the same manager and staff.

LHA is a member of the national Phoenix Taskforce and works closely with the ATO, FWO and other Commonwealth and state agencies, focusing on illegal phoenix activity and the significant harms to workers and legitimate businesses it can cause. The Taskforce was established in 2014 to detect, deter and disrupt illegal phoenixing. Phoenix Taskforce agencies share information and use sophisticated data-matching tools to identify those promoting or engaging in illegal phoenix activity.

The Taskforce acts against phoenix operators by:

- working to disrupt their business model and make them financially unviable
- removing their ability to operate
- applying financial penalties
- prosecuting the worst offenders.

## Industry focus – Construction

Labour hire has been a significant feature of the construction industry for decades, and businesses that provide labour hire workers to construction sites must comply with their obligations under the LHL Act.

LHA took a range of regulatory actions against labour hire companies in Victoria's construction industry in 2025–26, often in response to practices that may be unlawful or coercive, or reflect widespread non-compliance.

Since its inception, LHA has cancelled 166 licences and refused 54 licence applications from businesses in the construction industry, including those operated by organised crime or outlaw motorcycle gang (OMCG) figures. LHA has also imposed conditions on 32 licences.

A dedicated internal taskforce leads LHA's work to investigate and address unlawful behaviour in the construction sector.

LHA is a member of a number of cross-jurisdictional regulatory and law enforcement groups addressing alleged criminal or unlawful conduct in the construction industry.

LHA is also a member of the Victorian Government's alliance of regulators, law enforcement and other entities working to address allegations related to Victorian Government construction sites. This alliance was formed in response to the Final Report of the Formal Review into Victorian Government Bodies' Engagement with Construction Companies and Construction Unions, November 2024, known as the Wilson Review.[1]

LHA's construction taskforce works closely with a range of primary regulators and law enforcement agencies to detect, disrupt and deter non-compliance through:

- sharing data and intelligence
- collaboration when assessing licence applications
- compliance monitoring and investigations
- joint field activities.

In December 2025, LHA convened a briefing session with 36 leaders of 31 'tier one' construction companies operating in Victoria, and the leaders of seven regulators, law enforcement agencies and infrastructure agencies. The session focused on integrity leadership, and expectations that labour hire hosts will manage crime and corruption within their own businesses and the supply chains they manage.

1 https://www.vic.gov.au/formal-review-victorian-government-bodies-engagement-construction-companies-and-construction-unions

In 2025–26, LHA's powers to address unlawful conduct, including in Victoria's construction industry, were strengthened following the Wilson Review. These changes are discussed earlier in this report: see 'Regulatory reform', above at p12.

LHA has taken strong action to remove non-compliant operators from the industry, as shown in the following case studies.

**Case study**

### B K Labour Hire Pty Ltd has licence cancelled for providing false or misleading information

LHA cancelled the labour hire licence of B K Labour Hire Pty Ltd (B K Labour), a Victorian construction company, having formed the view that the company and/or its director provided false or misleading information following requests for information from LHA.

The cancellation, which took place on 27 January 2026, followed an investigation by LHA and high-profile arrests by Victoria Police's Hawk Taskforce at the company's headquarters.

LHA found that B K Labour and/or its director, Mr Bernard Kearney, provided four falsified invoices to LHA, which B K Labour falsely said it had received and paid.

LHA's investigation found that:

- one invoice was never issued by the entity, nor received by B K Labour
- three invoices had been amended to falsify the invoice amounts, as well as dates or other details.

B K Labour and Kearney denied deliberate wrongdoing. However, LHA formed the view that B K Labour and/or Kearney contravened section 87 of the LHL Act by providing information to LHA that they knew to be false or misleading.

LHA's findings of contraventions support its decision to cancel B K Labour's licence but are not findings of guilt to the criminal standard.

B K Labour applied to the Victorian Civil and Administrative Tribunal (VCAT) to stay the cancellation, which would have enabled the business to continue providing labour hire services until an appeal against the cancellation was heard.

LHA strongly opposed the stay application, due to the serious nature of the alleged contraventions. It successfully argued that allowing B K Labour to continue to trade until its appeal was heard would pose an unacceptable risk to the integrity and transparency of the industry.

VCAT confirmed that B K Labour had to immediately cease providing labour hire services in Victoria, pending the appeal of its licence cancellation. B K Labour subsequently withdrew its VCAT application.

LHA supported the Hawk Taskforce's investigation and prosecution of Kearney, who subsequently pled guilty to an offence under the *Crimes Act 1958* (Vic).

**Case study**

### LHA investigates two construction businesses linked to man charged with blackmail, for allegedly advertising and operating unlicensed labour hire

LHA commenced an investigation into two construction businesses linked to Mr Joel Leavitt for allegedly advertising and providing labour hire without a licence in contravention of labour hire laws.

Victoria Police had charged Leavitt with blackmailing a man by demanding $663,000 during a meeting at business premises in Brooklyn. LHA had then received a request for information from Victoria Police in relation to a bail variation application from Leavitt. The application linked him to the operations of TCB Demolition Construction Pty Ltd (TCB Demolition Construction) and TCB Workforce Solutions Pty Ltd (TCB Workforce Solutions).

Leveraging intelligence from Victoria Police, LHA investigators confirmed that TCB Demolition Construction was advertising labour hire services on its website, despite not holding a labour hire licence.

LHA has warned TCB Demolition Construction and TCB Workforce Solutions that it is unlawful to advertise or provide labour hire services without a licence under the LHL Act.

LHA is working with Victoria Police and other regulators to investigate the alleged contraventions of labour hire laws by TCB Demolition Construction and TCB Workforce Solutions, and the nature of Leavitt's involvement in any contravening conduct.

Case study

### 24/7 Personnel Pty Ltd barred from Victoria after regulator shines light on shadow labour hire operator

LHA cancelled the labour hire licence of 24/7 Personnel Pty Ltd following an investigation into the business and the people running it.

LHA found that the company had failed to declare Mr Jay (Jie) Zhu as a relevant person in breach of the LHL Act.

LHA also found that the company knowingly provided false and misleading information to LHA about Zhu's role in the business, which is a criminal offence under the LHL Act.

To hold a labour hire licence, businesses must supply information and identification for all relevant persons, to enable a range of checks to assess whether they are fit and proper.

Labour hire companies face licence cancellation and potential penalties if any of their relevant persons is found not to be fit and proper under the LHL Act.

LHA made no determination on the fit and proper status of Zhu – the failure to disclose a relevant person, together with the knowing provision of false and misleading information, provided sufficient grounds to cancel the licence.

LHA was also investigating a related company, 24/7 Labour Pty Ltd, which voluntarily cancelled its own licence after LHA requested information from it following LHA's cancellation of 24/7 Personnel Pty Ltd's licence.

Case study

### Women in Construction Pty Ltd blocked from Victoria following LHA investigation

LHA blocked Women in Construction Pty Ltd (Women in Construction) from operating in Victoria, following an investigation into the business and the people running it.

In June 2026, LHA refused an application by Women in Construction to renew its labour hire licence, as it was not satisfied that director Mr Luke Ellery and other relevant persons were fit and proper.

LHA also identified that multiple relevant persons had not been disclosed to it.

From 1 June 2026, Victoria's labour hire laws became stronger and broader, including a more rigorous fit and proper person test for people involved in running labour hire companies.

LHA applied the stronger test in this case, refusing the application based on factors such as Ellery's business compliance history and his character – including his honesty, integrity and professionalism.

This character test is one of the new and powerful tools LHA has available to it since the strengthened labour hire laws came into effect: see 'Regulatory reform', above at p12.

**Case study**

## Labour hire companies opt to exit Victoria's construction industry following LHA licensing action

Two companies in Victoria's construction industry elected to cancel their labour hire licences after LHA commenced investigations into them.

Both companies were associated with other businesses that had been subject to recent LHA licensing action:

- 24/7 Labour Pty Ltd cancelled its licence on 15 June 2026. LHA had cancelled the licence of associated entity 24/7 Personnel Pty Ltd in May 2026: see 'Case study: 24/7 Personnel Pty Ltd barred from Victoria after regulator shines light on shadow labour hire operator' above at p30.
- M1 Security Services Pty Ltd cancelled its licence on 18 June 2026. LHA had issued a notice of intention to cancel the licence of associated entity M1 Trades and Labour Pty Ltd in March 2026.

LHA was actively investigating both 24/7 Labour Pty Ltd and M1 Security Services Pty Ltd and had requested information from the companies. Both cancellations were voluntary.

LHA may continue investigations relating to civil or criminal penalties where applicable after a licence is cancelled. Licence holders are required to maintain and produce labour hire business records for six years. LHA does not disclose information that may impact its investigations.

Details of company decision-makers are retained in LHA intelligence holdings, and LHA considers any past investigations when assessing new applications by previously identified persons.

**Case study**

## LHA cancels licence of XF Victoria Pty Ltd

LHA cancelled the licence of XF Victoria Pty Ltd, following an investigation into the business and the people running it.

LHA found that the company had failed to declare Mr Daniel Salter as a relevant person in breach of the LHL Act.

LHA also found that the company and/or its director, Mr William Mitris, knowingly provided false and misleading information to LHA about Salter's role in the business, which is a criminal offence under the LHL Act.

Additionally, LHA formed the view that it could not be satisfied that XF Victoria Pty Ltd was compliant with its taxation obligations.



## Harm focus – Accommodation

In 2025–26, LHA inspected 23 accommodation sites, increasing our focus on labour hire worker accommodation in response to complaints from workers and community groups about accommodation that did not meet minimum accommodation standards.

Substandard worker accommodation exposes workers to unsafe, unhygienic living conditions that put their health, safety and wellbeing at risk. It is also linked to worker exploitation, as workers may feel unable to complain due to fear of losing their job or housing.

LHA continues to find workers housed in accommodation that does not comply with standards around:

- overcrowding
- maintenance
- cleanliness
- minimum toilet and bathing facilities
- local council registration.

Any housing procured or supplied for workers by a labour hire provider must comply with applicable minimum accommodation standards, such as the *Public Health and Wellbeing Act 2008* (Vic).

LHA may refuse to grant an application, impose conditions, or suspend or cancel a licence if it is not satisfied that relevant persons are compliant with applicable standards.

Providers must declare when they apply for a licence if relevant persons intend to procure or provide accommodation and, if so, that it will be compliant with applicable standards (and report annually).

When incidences of alleged worker exploitation are identified, LHA works with local agencies and councils to ensure the safety and security of workers affected.

**Case study**

### Mouldy and overcrowded PALM worker housing leads to licence conditions, and almost $160,000 being refunded to workers

In November 2025, LHA conducted unannounced inspections of two properties in Warragul, following concerns raised by workers and the Commonwealth Department of Employment and Workplace Relations (DEWR), an administrator of the PALM scheme.

LHA inspectors found that Kyshan Pty Ltd (Kyshan), which is a licensed provider and 'Approved Employer' under the PALM scheme, had been providing accommodation to over 35 workers at two properties – a four-bedroom house with a stand-alone granny flat, and a motel – in conditions that raised considerable concerns about their health and safety.

LHA inspections found over 20 workers housed in unsanitary conditions in the house and granny flat, where there was:

- a malfunctioning septic system, causing foul-smelling effluent to pool in the front yard
- extensive mould in most rooms, affecting walls, ceilings, windows and curtains
- only one likely functioning smoke alarm
- inadequate facilities, including a bathroom sink missing a hot water tap and a non-functional kitchen exhaust fan and stove hot plate
- a non-functional washing machine, forcing workers to hand-wash their clothes.

The motel was similarly overcrowded, with 13 people occupying bedrooms that permitted eight.

LHA inspectors identified no working smoke alarm in the three-bedroom residence above the motel's reception, and found indications of controls placed on workers' use of:

- showers
- washing machines
- heating and cooling.

LHA inspectors also formed the view that the $190 weekly accommodation deduction from workers' wages was unreasonable in the circumstances.

LHA met with Kyshan and DEWR to discuss its concerns.

Kyshan stated that it had been unaware of the conditions and committed to taking a range of immediate actions to improve affected workers' living circumstances.

LHA also worked closely with the Baw Baw Shire Council, which conducted its own inspections and took immediate action to protect the affected workers and the local community.

LHA engaged with affected workers, who expressed a preference to stay in the accommodation or alternative female-only accommodation.

Taking into account the preference of the workers and Kyshan's stated commitment to comply with the conditions and cooperate with LHA's ongoing investigation, LHA imposed conditions on Kyshan's labour hire licence on 12 December 2025.

The licence conditions:

- directed Kyshan to immediately cease any accommodation deductions from impacted workers' wages, which resulted in each worker saving $190 a week in the lead-up to Christmas
- prohibited Kyshan from making future deductions until LHA was satisfied that Kyshan had consulted with the impacted workers, inspected the properties and confirmed that the housing met applicable minimum accommodation standards and smoke alarm laws
- required Kyshan to notify all of its Victorian workers that conditions have been placed on the licence, explaining minimum accommodation standards and inviting workers to make a confidential report to LHA if they believe their accommodation does not meet the standards.

LHA's actions resulted in workers being moved into newly built accommodation where each worker had their own bedroom, and shared cooking and bathing facilities with no more than three other tenants.

LHA continued to investigate Kyshan's compliance after this move.

While this investigation was in progress, Kyshan completed an audit of its Victorian worker accommodation. The audit confirmed that accommodation procured or provided by Kyshan was now compliant with the minimum accommodation standards (except for local council registration, which was underway).

LHA also met with Kyshan twice to discuss its serious concerns, including about Kyshan deducting $190 per week from workers' wages for accommodation that did not meet applicable minimum accommodation standards. While LHA considered an appropriate licensing outcome, it invited Kyshan to consider a refund to workers for the cost of the substandard accommodation.

In response, Kyshan volunteered to refund the value of the accommodation deductions for the non-compliant properties in full and, in August 2026, it refunded just under $160,000 to affected workers, including to those who had repatriated back to their home country. Some individual workers received refunds as high as $5,800.

Given Kyshan's cooperation and the significant actions it took to rectify the non-compliance and provide restitution to workers, LHA decided not to cancel Kyshan's licence.

However, LHA imposed:

- its standard horticulture and meat and poultry processing conditions on the licence, including standard licence conditions for worker accommodation
- an additional reporting condition on the licence, to enable LHA to monitor Kyshan's compliance with the worker accommodation conditions

LHA also put Kyshan and other providers on notice through its monthly newsletter that providing substandard worker accommodation does not pay and may result in licence cancellation.

**Standard licence conditions for worker accommodation**

Working with local councils and other regulators, LHA has developed standard accommodation conditions to clarify key existing legal obligations that apply to accommodation providers, and to allow LHA to more easily cancel the licences of non-compliant providers.

To address the significant risks of worker harm and to clarify expectations for licence holders, LHA will apply licence conditions relating to worker accommodation from 1 June 2026 on all new licences for businesses operating in horticulture and meat and poultry processing. LHA will also apply the standard conditions progressively to existing licences.

Under these conditions, labour hire licence holders are ultimately responsible for the standard of accommodation

they procure or provide for their workers, regardless of other parties involved – such as real estate agents, property owners or operators of motels, rooming houses or caravan parks.

The conditions prohibit licence holders from procuring or providing accommodation that does not comply with minimum accommodation standards as defined in the conditions, including:

- where the number of workers exceeds the occupancy caps detailed in the conditions
- where workers are housed in outbuildings, sheds, garages and other like structures
- where there is inadequate supply of hot water to all bathing, kitchen and laundry facilities
- where there is an insufficient number of toilets, showers and wash basins for the number of workers occupying the property
- where there are no, or an insufficient number of, ovens, cooktops, refrigerators, washing machines, heating and cooling facilities, and smoke alarms.

In addition, there are a number of conditions detailing the obligation on licence holders to ensure that accommodation is maintained in a good state of repair and in good working order. These conditions also prohibit providers from making deductions from workers' wages for repairs to accommodation or supplied facilities where damage resulted from reasonable use and/or fair wear and tear.

Failure to comply with licence conditions can lead to licensing action – up to and including cancellation – and legal action where required to address unlawful conduct.

Maximum penalties of more than $160,000 apply for non-compliance with licence conditions.

LHA will continue its focus on accommodation standards in 2026–27, including increased accommodation inspections and engagement with other regulators.

## Industry focus – Security

Businesses that supply security guards and crowd controllers to other businesses – such as hotels, clubs, pubs, events, and retail and commercial premises – are generally considered to be labour hire providers.

The security industry commonly involves the supply of labour through complex supply chains. This is often referred to as subcontracting – where a principal contractor sources workers from a subcontractor to supply to the principal contractor's client. While this can be a lawful business model, complex supply chains carry an inherent increased risk of non-compliance.

Providers are free to enter into arrangements with hosts, intermediaries and subcontractors as they see fit. However, contract prices must be sufficient to cover the minimum costs of meeting legal obligations. These include wages, superannuation, leave entitlements, the portable long service leave levy and workers' compensation insurance. Where contract prices fall below these minimum costs, there is a risk that the provider or another party in the supply chain is not complying with the law.

Supply chain transparency and responsibility is crucial not only to protect workers from exploitation, but also to disincentivise, detect and respond effectively to taxation non-compliance and illegal phoenix activity perpetrated through complex supply chains.

LHA continues to participate in significant multi-agency operations focused on taxation non-compliance and illegal phoenix activity in complex supply chains in the security industry. These compliance risks are also featuring more regularly in LHA's own investigations.

In 2025–26, a significant multi-agency operation led to the cancellation of MA Services Group Pty Ltd's licence.

Case study

### Underpriced contracts by large host businesses

LHA revealed that some major Australian corporations had entered into underpriced contracts with MA Services Group Pty Ltd (MA Services Group), a security company that underpaid workers, did not comply with taxation and other laws, and entered external administration with significant debts owed to workers and creditors, including the government.

LHA cancelled the labour hire licence of MA Services Group in January 2026.

The company can no longer operate or advertise in Victoria.

LHA had earlier imposed extensive conditions on MA Services Group's labour hire licence, including requiring additional reporting that supported further action against the company.

LHA analysis of the company's contracts revealed a troubling, two-tier pricing approach: while clients such as government agencies were billed 'by the book', some other large corporate clients paid rates too low for MA Services Group to cover its costs if it paid wages, benefits and taxation at lawful rates.

The issue highlights the need for action on multiple fronts, and the need to hold large, price-setting companies to account for conditions in their supply chains.

MA Services Group owes millions to creditors, including subcontractors, government agencies and labour hire workers; and some of the latter are migrant workers who are not entitled to the federal Fair Entitlements Guarantee (FEG). The FEG scheme supports employees who cannot recover their entitlements following their employer's insolvency.

Labour hire providers who do the right thing quite rightly demand to know what action is taken against hosts who are involved in cut-price contracts that result in lawbreaking.

If a host is in breach of the *Fair Work Act 2009* (Cth) through cut-price contracts that lead to underpayments, then they can be held accountable through accessorial liability.

LHA referred these matters to FWO, which has the capacity and the capability to deal with unlawful conduct by hosts.

The conduct of MA Services Group has left workers, trade creditors and taxpayers out of pocket. Providers who comply with their obligations have lost market opportunity. It is important that customer demand for underpriced supply be deterred by the relevant agencies.

LHA continues to work with other regulators such as Victoria Police's Licensing Registration Division (LRD) and the ATO, including by:

- strategically sharing intelligence and information – with a focus on sharing the right intelligence and information, with the right regulators, at the right time
- working together to identify and take action against the true controlling minds behind these behaviours.

Case study

### Joint inspections with LRD to target unlicensed operations

In 2025–26, LHA compliance officers undertook joint inspections with Victoria Police LRD officers at 12 host venues to obtain information on a labour hire provider suspected of operating without a labour hire licence or a business security licence.

Officers visited venues across the Melbourne CBD and inner-city suburbs.

LHA is continuing investigations into the conduct of hosts and licensed labour hire providers that were targeted in these inspections.

LHA has cancelled 60 labour hire licences and refused 31 licence applications in the security industry to date, after uncovering non-compliance with legal obligations through our intelligence-led compliance program.

**Standard conditions**

In 2025–26, LHA commenced imposing standard conditions on all new licences for businesses in the security industry, in which there are high risks of worker exploitation and unlawful conduct. LHA will also apply the standard conditions progressively to existing licences.

The standard conditions for the security industry target significant harms that affect workers, the community, and businesses doing the right thing.

The conditions increase transparency by:

- ensuring that all workers receive information on their rights
- requiring that providers report to LHA on the use of subcontractors, payroll services and any change in industry.

The conditions also enforce integrity by:

- restricting cash payments to workers and subcontractors, given the risk of non-compliance with legal obligations and worker exploitation associated with businesses operating in the cash economy
- prohibiting the supply of security guards or crowd controllers engaged as independent contractors to hosts, unless the worker holds both a private security individual licence and a business licence under the *Private Security Act 2004* (Vic) – consistent with amendments to that Act that came into effect in June 2025
- limiting subcontracting to one layer to manage the increased risks of non-compliance with legal obligations under workplace, taxation, superannuation, and occupational health and safety laws in complex supply chains
- providing clear requirements around the provision of personal protective equipment to workers free of charge.

**Guidance – meeting minimum legal obligations to workers**

LHA has continued to focus on improving compliance across complex supply chains, using its industry guidance as the benchmark for assessing contract pricing in the security industry to inform its compliance activities. Contract prices can be a strong indicator of the risk of non-compliance with a provider's legal obligations, including around workers' pay and entitlements.

The security industry has continued to provide support for this approach, with feedback about the guidance material indicating that it assists providers to negotiate appropriate contract prices with hosts and enables them to meet their minimum legal obligations, including correct payment of workers.

The guidance is updated by LHA each financial year.

## Industry focus – Meat and poultry

The meat and poultry processing industries have historically seen significant rates of worker mistreatment and exploitation, so key activities performed by workers in these industries are prescribed as labour hire under the LHL Regulations.

The meat and poultry processing industries are also at higher risk of worker exploitation due to their high proportion of migrant workers from a range of backgrounds, including PALM scheme workers.

During inspections in the meat and poultry processing industries in 2025–26, LHA inspectors observed the following suspected issues:

- host businesses using unlicensed labour hire providers
- criminal syndicate involvement
- illegal phoenix activity
- provision of substandard accommodation.

Investigations into these matters are ongoing.

Since inception, LHA has refused 43 applications and cancelled 63 licences for businesses operating in the meat and poultry processing industries.

**Standard conditions**

In 2025–26, LHA commenced imposing standard conditions on all new licences for businesses in the meat and poultry processing industries, in which there are higher risks of worker exploitation and unlawful conduct. LHA will also apply the standard conditions progressively to existing licences.

The standard conditions for the meat and poultry processing industries target significant harms that affect workers, the community, and businesses doing the right thing.

The conditions increase transparency by:

- ensuring that all workers receive information on their rights
- requiring that providers report to LHA on the use of subcontractors, payroll services and any change in industry.

The conditions also enforce integrity by:

- restricting cash payments to workers and subcontractors, given the risk of non-compliance with legal obligations and worker exploitation associated with businesses operating in the cash economy
- prohibiting the supply of workers engaged as independent contractors to hosts, given LHA's view that workers who are engaged to perform meat and poultry processing activities are ordinarily employees, rather than genuine independent contractors, and the harms associated with misclassification of employees and sham contracting
- limiting subcontracting to one layer to manage the increased risks of non-compliance with legal obligations under workplace, taxation, superannuation, and occupational health and safety laws in complex supply chains
- providing clear requirements around the provision of personal protective equipment to workers free of charge
- providing clear requirements around the provision of worker accommodation, given the prevalence of overcrowded, unsafe and unsanitary accommodation in the industry.

## Harm focus – Insolvency and external administration

Workers are at risk of harm when labour hire providers enter external administration or become insolvent. External administration events:

- can lead to workers not receiving their lawful entitlements
- impact government taxation revenue and creditors
- can be used as a vehicle to avoid legal responsibilities and undercut competitors, damaging the integrity of the labour hire industry.

When determining whether to grant or cancel a licence in these circumstances, LHA considers:

- the reasons for the business becoming insolvent or entering external administration
- the solvency status of the business prior to entering external administration
- whether the business had complied with its obligations under workplace, superannuation, workers' compensation and taxation laws
- whether related debts have been paid and whether causes of the insolvency have been remedied
- the role the officers played in the event
- whether arrangements with creditors satisfied debts owed to employee and other creditors.

LHA may refuse an application where an external administration event reveals non-compliance with relevant laws or leads to concerns about a person's fitness and propriety. LHA may also cancel a licence where a licence holder goes into external administration. This supports LHA's objectives to prevent worker exploitation and create a level playing field for providers meeting their legal obligations.

From 1 June 2026, amendments to the LHL Act have strengthened LHA's capacity to respond to harms arising from external administration events. Applicants and licence holders must now declare that the business is financially viable, and LHA must be satisfied of that viability before granting or renewing a licence.

The amendments have also changed the nature of the fit and proper person test: previously a binary test in which insolvency or external administration was one of a number of disqualifying factors, it is now a broader assessment in which these matters are weighed as part of LHA's overall evaluation of the entity and its relevant persons.

In addition, LHA may consider a person's historical compliance as well as their capacity to comply.

These new provisions commenced one month before the end of this reporting period and are addressed in the 'Regulatory reform' section of this report, above at p12.

The following case study relates to a licence cancellation under these new provisions.

**Case study**

### Major recruitment agency has Victorian licence cancelled after directors found unfit to operate a labour hire company

LHA cancelled the labour hire licence of Hudson Global Resources Pty Ltd (Hudson), effectively banning the company from providing labour hire in the state.

LHA formed the view that Hudson contravened the LHL Act, noting:

- the significant history of unlawful conduct by Hudson, including breaches of workplace, taxation, corporations and labour hire laws
- substantial unpaid debts to workers, the government and creditors, including over $8 million in unpaid superannuation and wages, and an ATO debt of over $20 million
- issues with compliance capacity, given that Hudson is under external administration, is subject to active criminal proceedings from ASIC, has traded at a loss for several years, and has not demonstrated meaningful accountability or governance reform
- several transactions that were identified by the company administrator as likely representing breaches of directors' duties, including forgiveness of $11 million in debts owed by related companies
- failure to declare its CEO and other executives as decision-makers within the company, in contravention of the LHL Act.

LHA issued a notice of cancellation on 26 June 2026 (operative from 10 July 2026). If Hudson provides labour hire services in Victoria after that date, it faces maximum penalties under the LHL Act of more than $660,000 for a company and $160,000 for an individual.

LHA notified government departments of the cancellation of Hudson's licence, providing an opportunity for other arrangements to be made as required and appropriate.

The stronger labour hire licensing laws that took effect in Victoria on 1 June 2026 were applied in the cancellation of Hudson's licence.

While the company administrator said that Hudson could trade its way out of the situation, based on the company's history and the evidence provided LHA was not satisfied that this was the case. The administrator's recommended way forward also extinguished claims against the company by workers and other creditors, likely reducing workers' ability to recover what they are owed.

LHA concluded that greater harm would likely arise if Hudson continued to operate in Victoria due to the impact on Hudson's workforce, customers, creditors and the wider community.

Applicants and licence holders are required to declare external administration or insolvency events to LHA.

In the following case study, the applicant's failure to declare the prior external administration or to explain this failure, combined with non-compliance with relevant laws, led to the application being refused.

**Case study**

### Refusing to grant a licence to business with history of external administration and non-compliance

During the assessment of a licence application to supply workers in the professional services industry, LHA undertook further inquiries after identifying that the applicant had links to a previously expired labour hire licence.

An applicant is asked to declare they are fit and proper to hold a labour hire licence. Where an application has an increased risk of worker harm, LHA validates these declarations by gathering additional intelligence and conducting further inquiries.

Additional intelligence gathered from the applicant's internal records, ASIC and the sponsor database sanctioned by the ABF identified that the nominated officer had been a director of a company that entered external administration and had been sanctioned for breaches of migration regulations. This information was not disclosed, as it should have been, on application.

LHA provided the applicant with an opportunity to respond to the information obtained during its inquiries. The applicant did not provide a reasonable explanation

about why this information was not disclosed in the application. After considering the response, LHA determined that the nominated officer was not a fit and proper person under the statutory test and refused the application. LHA considered the applicant's lack of candour as a further risk to workers, and a reason not to exercise its discretion to grant the licence.

This demonstrates LHA's thorough assessment processes, effective use of intelligence and regulatory information, and commitment to identifying risks that may not be apparent from an application alone.

## Harm focus – Wages and conditions

Labour hire providers are obliged to correctly identify the legal instrument underpinning payments to their workers, such as the relevant award or enterprise agreement. Most employees in Australia receive above award wages and conditions, and LHA undertakes rigorous checks to ensure that employers are not paying below the levels set by the appropriate instrument.

Licence applicants must declare that they have a plan to ensure that they will comply with legal obligations, including workplace laws and laws relating to taxation and superannuation.

The inability of some applicants to nominate the correct industrial instrument may indicate that workers are at risk of exploitation. LHA has a lower risk tolerance for applicants who fail to nominate the correct industrial instrument in high-risk contexts of supply, such as horticulture.

To mitigate this risk, when assessing an application, LHA may:

- educate applicants on the applicable industrial instruments
- review employment contracts and proposed rates of pay to ensure compliance
- identify and challenge the legality and necessity of restraint-of-trade clauses to protect workers from harm by removing onerous, excessive and unenforceable provisions.

LHA may also refuse an application where a person or business has not complied, is not complying or will not comply with laws around wages and conditions.

LHA then monitors licence holders' compliance with these obligations, through proactive compliance operations, information sharing with other regulators, and responding to complaints.

In the following case study, LHA identified that workers had been underpaid $135,000 by a licence holder and took action to ensure compliance with relevant laws.

**Case study**

### Workers receive over $135,000 for underpayment

An LHA investigation into a licensed provider supplying workers to a manufacturing factory led to the provider paying 17 workers over $135,000 in total to rectify underpayments.

LHA received intelligence that labour hire workers supplied at the manufacturing factory were allegedly being underpaid.

LHA compliance officers spoke to a worker who told LHA that they were working as a forklift driver and had qualifications to be paid as a Level 3 Warehouse Operator but were being paid as an unskilled labourer. They said they estimated that they were being underpaid by around $10 per hour. In addition, the worker said that they thought up to 15 other workers were also being underpaid. They informed LHA that they had tried to resolve the issue with the provider but had been unsuccessful.

During an LHA investigation, the provider acknowledged that 17 workers had been underpaid because they were incorrectly being paid at the unskilled rate under the relevant award. The provider said that this had resulted from a breakdown in communication between the factory and the provider.

The provider paid the workers over $135,000 to rectify the underpayments and confirmed that they would pay the workers the correct hourly rate moving forward.

As the provider cooperated with LHA, explained the reason for the error and rectified the underpayments, LHA allowed the provider to keep their licence. However, LHA is monitoring their compliance with relevant laws, and further non-compliance may lead to the provider's licence being cancelled.

## Harm focus – Licence fraud

LHA continued to detect licence fraud in 2025–26. Licence fraud occurs where a person:

- provides fabricated/doctored licences to hosts to create the illusion that the person is a licensed labour hire provider
- misrepresents themselves in a contract with a host as being the director of a business that is on the register of licensed labour hire providers
- provides fabricated bank statements to hosts to mislead the host into thinking they are paying a business that is on the register of licensed labour hire providers, when the payments are actually going to the account of an unlicensed provider
- provides fabricated taxation documents to hosts to mislead the host into thinking they are engaging a business that is on the register of licensed labour hire providers
- registers a company with almost the exact same name as a licensed provider and passes the company off as the licence holder.

These examples involve criminal offences under the *Crimes Act 1958* (Vic), including falsification of documents and obtaining financial advantage by deception.

LHA is taking enforcement action against unlicensed providers under the LHL Act and is working with other regulators and law enforcement to detect, deter and respond to licence fraud.

LHA has also continued to educate host businesses about how to spot and avoid licence fraud during site inspections and engagement activities, and through communications channels.

# Educate and engage with industry and the community

In 2025–26, LHA continued its extensive program of industry engagement, and increased direct communication with labour hire providers, hosts, workers and key stakeholders.

LHA provided information through a range of channels, including information sessions, worker support meetings, digital and press advertising, traditional and social media, the LHA website and newsletter, stakeholder channels, and booths at a range of industry expos and events.

## Industry education and engagement

LHA engaged with over 1,547 industry stakeholders through 72 online and in-person events in 2025–26, across Melbourne and regional Victoria.

We continued to deliver tailored engagement presentations to reflect and address specific issues and priorities relevant to different industries and stakeholder groups.

Highlights of the targeted information sessions and webinars that we delivered include:

- regular webinars for new providers to help them learn about their obligations and common risks in the labour hire industry
- an information session for construction industry providers and 'tier one' host businesses about proposed changes to construction industry regulation
- horticulture compliance forums reporting on recent compliance activities and best practice tips for local businesses in Mildura, the Yarra Valley and the Mornington Peninsula
- education sector webinars to help procurement staff in schools understand their role as hosts
- a webinar for accountants and tax agents outlining their obligations and how they can support their clients
- multiple sessions updating the labour hire industry of the changes to the labour hire licensing scheme from 1 June 2026.

These sessions have supported hundreds of businesses with ongoing compliance, while highlighting relevant industry issues and how businesses can use LHA's tools and resources.

In addition, LHA exhibited at expos in 2025–26 that targeted small business operators, as well as businesses in the construction, manufacturing and horticulture industries. The expos provided dozens of opportunities for in-depth conversations between LHA staff and industry stakeholders, including hosts and providers.

**Case study**

### Construction industry compliance briefing

In December 2025, LHA convened a construction industry compliance briefing, ahead of new legislative and regulatory changes that would affect the construction industry. Initiated by the Labour Hire Licensing Commissioner and the Fair Work Commission General Manager, the briefing brought together representatives from seven major state and federal regulatory, law enforcement and infrastructure agencies to address leaders of 31 'tier one' construction industry hosts operating in Victoria.

The briefing covered:

- integrity leadership and the consequences of failing to meet obligations
- removing criminal elements from Victoria's construction sector
- the expectation that hosts will manage crime and corruption from within their own business and the supply chains they manage, and that this is their responsibility.

Attendees were also shown the tools and resources available to help them identify unlawful conduct such as fraud, bribery, corruption, criminal control and influence, underpayments and illegal phoenixing, and the ways they can report misconduct to LHA and law enforcement.

**Case study**

### Victorian schools

During 2025–26, LHA commenced an engagement program targeting Victoria's schools as labour hire hosts, noting that the sector is a significant user of labour hire for cleaning, security, groundskeeping, ICT support, and temporary teaching or administrative staff.

LHA met with representatives from state schools, each Catholic education diocese and the independent schools' peak body to help shape content relevant to schools' needs. This informed a series of webinars for procurement representatives, along with a factsheet and guidance materials that were distributed across the sector.

The Commissioner also met separately with the Department of Education, which oversees procurement at nearly 1,000 state schools.

**Case study**

## Yarra Valley labour hire forum

In addition to multiple information sessions across the state targeting the horticulture industry, LHA focused engagement efforts on the Yarra Valley in 2025–26.

In March 2026, the Labour Hire Licensing Commissioner and the Fair Work Ombudsman held a joint forum in Healesville with local growers, labour hire providers and industry bodies. The forum followed a significant LHA compliance operation in the region, and a 2025 FWO report identifying the region as having the highest rate of horticulture non-compliance in Australia.

Around 40 representatives attended, hearing directly from both regulators about recent compliance operations in the region. Growers received practical guidance on protecting their businesses from the risk of fines, disruption to their business and involvement with criminal elements.

Following strong interest from Wine Yarra Valley members, LHA partnered with this organisation to deliver a follow-up session. More than 35 attendees were given the opportunity to hear about outcomes from recent LHA operations and receive practical advice on how to improve their business compliance practices.

### Host communication campaign

LHA continued to expand its targeted awareness advertising in 2025–26, building on earlier campaigns for horticulture and meat and poultry processing hosts with a broad, all-industry campaign running from August to October 2025.

The campaign raised awareness of the obligation to use only licensed labour hire providers, with a focus on commercial cleaning, security and temporary staffing – industries where awareness has typically been lower. Advertising ran across radio, podcasts, digital display, social media and press, generating nearly 10 million impressions and reaching close to 2.5 million users; 84 per cent of traffic to the Host page of the LHA website during the campaign period was campaign driven.

Messaging focused on protecting workers from exploitation and businesses from the penalties of using unlicensed providers, with materials available in multiple languages, and advertising targeted by location and industry. The campaign complemented LHA's broader engagement with host businesses, including webinars and peak body outreach.

### LHA in the news

LHA's work to protect workers and improve the integrity of the labour hire industry was highlighted in a total of 690 media mentions in 2025–26 – more than three times the level recorded in 2024–25.

A range of high-impact compliance and enforcement outcomes were emphasised as part of LHA's proactive media strategy, generating coverage across broadcast, digital and print media at local, state and national level. The Labour Hire Licensing Commissioner was interviewed by several major broadcasters about LHA's regulatory activities, outcomes and strengthened labour hire laws.

LHA's licensing actions in the construction and security industries drove a significant peak in coverage in March 2026. In June, the introduction of Victoria's strengthened labour hire laws contributed to a further surge in coverage.

### Expanded publication and disclosure powers

Legislative amendments that came into effect on 24 December 2025 expanded LHA's ability to publish information about its work. From January 2026, LHA used these powers to increase the transparency of its compliance activities and strengthen the deterrent effect of its communications.

The expanded powers allow LHA to publish contextual information about licensing actions – including the reasons for a licence cancellation, or details of compliance action taken against a business – to promote compliance and educate providers and hosts about their obligations. Consequently, LHA has been publishing more detailed statements about enforcement actions and maintains a regularly updated record of licensing actions on LHA's Construction industry webpage.

**LHA channels**

The LHA website continued to be popular in 2025–26, with site visitors seeking information on labour hire licensing and LHA's activities. Traffic to key pages including Check a licence, Apply for a licence and Providers remained consistent with the previous year. Visits to the Construction industry page increased significantly, reflecting heightened public and industry interest in LHA's enforcement activity in the sector. In total, community members, labour hire providers, hosts and workers visited the site more than 220,000 times across the year – an increase of more than 10 per cent from 2024–25.

Across 11 editions of LHA News in 2025–26, we covered licensing matters, changes to labour hire laws, and LHA's Compliance and Enforcement Program, along with law, policy and programs of interest to licensed labour hire providers, hosts and other stakeholders. Subscriber numbers remained stable at 14,429 for the June 2026 edition, following regular audits during the year to ensure that the list of subscribers accurately reflects active recipients.



# Be a great place to work that is safe, agile, collaborative and well governed

LHA's commitment to building a positive, meaningful and productive workplace culture with capable, committed and engaged staff helps to achieve our goals of protecting labour hire workers from exploitation, and improving the transparency and integrity of the labour hire industry.

Our People Strategy was adopted in early 2025, following consultation and engagement with our people and staff-led networks. It is designed to promote an environment of collaboration and information sharing that empowers our people to make a valued and meaningful contribution to LHA under three strategic pillars:

- leadership and management excellence
- success through diversity, equity and inclusion
- strengthened capacity, collaboration and performance.

In 2025–26, three of the four People Strategy foundational activities were delivered:

- the design and implementation of a Learning and Development Action Plan
- the design and implementation of the LHA Capability Framework
- the design and delivery of an Interim Workforce Action Plan.

The fourth People Strategy activity – the Diversity, Equity and Inclusion Action Plan – has been designed and internal stakeholder consultation was underway at the end of the financial year.

In 2025–26, LHA continued with significant levels of recruitment, which attracted capable staff to all areas of LHA. This saw us grow from 114 staff at 30 June 2025 to 132 staff at 30 June 2026 – enabling us to build and deliver regulatory and operational capability and outcomes.

Our 2025–26 People Matters Survey again achieved a response rate of over 95 per cent, with LHA staff reporting high levels of job satisfaction, engagement and strategic alignment when compared to other Victorian Public Service agencies.

In 2025–26, we continued to deliver a comprehensive learning and development program to help ensure that all staff can effectively meet LHA's regulatory, operational and organisational requirements, including a targeted approach to ensure that our people were supported to implement the changes arising from amendments to the LHL Act. The program is designed to build staff competencies and capacity to administer the licensing scheme, deliver the Compliance and Enforcement Program, and provide efficient and effective corporate services.

Significant investment was made in LHA's digital services in 2025–26, including the Customer Relationship Management system and the Labour Hire Licensing Online portal. These improvements enhanced digital functionality and the user experience for licence holders and delivered efficiencies for staff. In addition, investment in these platforms enabled the collection of new information through transaction forms, supporting the implementation of the 1 June 2026 legislative changes. Enhanced cyber security measures were implemented to protect user data and strengthen system resilience.

LHA's Audit and Risk Committee (ARC) met four times in 2025–26, focusing on LHA's compliance with the Standing Directions 2018 of the Minister for Finance, and identifying, reviewing and addressing LHA's strategic and operational risks. The ARC and LHA management also oversaw an active internal audit plan, ensuring compliance with our regulatory obligations and supporting continuous improvement to our financial management and operations.

# 2025–26 financial performance summary

| | 2025–26 *($'000)* | 2024–25 *($'000)* | 2023–24 *($'000)* | 2022–23 *($'000)* | 2021–22 *($'000)* |
|---|---|---|---|---|---|
| Total income from transactions | 24,700 | 24,907 | 23,282 | 20,753 | 19,846 |
| Total expenses from transactions | 27,558 | 23,511 | 19,493 | 15,644 | 12,379 |
| **Net result from transactions** | **(2,858)** | **1,396** | **3,789** | **5,109** | **7,467** |
| **Net result for the period [(i)]** | **(2,858)** | **1,384** | **3,945** | **5,109** | **7,467** |
| **Net cash flow from operations** | **3,115** | **580** | **5,057** | **10,377** | **4,547** |
| Total assets | 45,782 | 43,500 | 41,099 | 37,368 | 26,712 |
| Total liabilities | 21,747 | 16,607 | 15,590 | 15,804 | 10,257 |
| **Net Assets** | **24,035** | **26,893** | **25,509** | **21,564** | **16,455** |

(i) Net result for the period includes gain/(loss) on non-financial assets

LHA is a self-funded regulator, and all fee revenue is retained by LHA to fund its operations. LHA recognises application fee income over the whole licence lifecycle, which is usually three years. Application fee income is recognised from the point a licence is granted and allocated equally over the licence term. Licence fee revenue is recognised when the licence fee is due.

Total revenue from application fees was $7.990 million in 2025–26 and licence fee revenue was $15.236 million. Income from interest and other sources totalled $1.474 million. Total operating expenditure was $27.558 million, which resulted in a net operating deficit of $2.858 million. LHA's comprehensive result this year was a $2.858 million deficit. Cash deposits were stable, increasing slightly to $42.0 million. LHA has deferred income of $14.910 million.



# 2. Governance and organisational structure



**Our people are crucial to our success.**

Our mission, purpose, functions and objectives are achieved through their commitment and collaborative efforts.

# Our Executive team

## Steve Dargavel

**Labour Hire Licensing Commissioner**

Steve Dargavel is the inaugural Labour Hire Licensing Commissioner. Steve was originally appointed Commissioner under the LHL Act in October 2018 and was reappointed in September 2023. In June 2026, he announced that he would conclude his service in September 2026.

The Commissioner provides executive direction and leadership to LHA, and exercises power under the LHL Act. They oversee LHA's regulatory system and decision-making process in relation to licensing, compliance and enforcement functions. In addition, they provide oversight of strategic partnerships with stakeholders and ensure that LHA is financially sustainable and effective.

## Peter Cozens

**Director, Regulatory Operations Division**

Peter Cozens was appointed as the Director, Regulatory Operations in February 2023, after joining LHA in November 2021. Peter has extensive leadership experience in industrial relations, and has held senior management roles across the areas of finance, people and culture, and corporate governance. He has also held a number of board positions, including in superannuation.

The Director, Regulatory Operations leads the Licensing and Enquiries Branch, the Legal Branch, and the Communications and Engagement Branch.

## Erin Barlow

**Director, Intelligence, Compliance and Enforcement Division**

Erin Barlow commenced as LHA's Director, Intelligence, Compliance and Enforcement in July 2024, after joining LHA in December 2021. Erin has extensive experience in leading complex investigation, audit, compliance and enforcement functions across the public service sector and the labour hire industry. Before joining LHA, Erin was an Assistant Ombudsman at the Victorian Ombudsman's office.

The Director of the Intelligence, Compliance and Enforcement Division leads LHA's Compliance and Enforcement Branch, Complex Harms Branch, and Intelligence and Analytics Branch.

## Michelle Osborne

**Chief Operating Officer**

Michelle Osborne commenced as LHA's Chief Operating Officer (COO) in February 2024. Michelle has extensive experience in leading corporate and regulatory services across the Victorian Public Service, and has most recently held strategic leadership roles in Consumer Affairs Victoria and in the Victorian Government's response to the COVID-19 pandemic.

The COO leads the Corporate Services Division, which comprises the Strategy and Governance Branch, the Information and Communication Technology (ICT) Branch, the Finance Branch, and the People and Culture Branch.

# Organisational structure and functions



## Regulatory Operations Division

The Regulatory Operations Division is headed by the Director, Regulatory Operations. This Division comprises the Licensing and Enquiries Branch, the Legal Branch, and the Communications and Engagement Branch.

The Licensing and Enquiries Branch is responsible for administering the Labour Hire Licensing Scheme and handles the enquiries received by LHA from members of the public. This includes receiving, assessing and processing applications from labour hire providers for a licence, deciding licence applications, and monitoring continued compliance with licence obligations.

The Legal Branch provides in-house legal services to LHA, including providing legal advice and conducting legal proceedings to enforce the LHL Act.

The Communications and Engagement Branch is responsible for LHA's media and communications and stakeholder engagement functions, including LHA branding and LHA's newsletters, website and intranet, as well as responding to requests from the media.

## Intelligence, Compliance and Enforcement Division

The Intelligence, Compliance and Enforcement Division is headed by the Director, Intelligence, Compliance and Enforcement. This Division comprises the Compliance and Enforcement Branch, the Complex Harms Branch, and the Intelligence and Analytics Branch.

The Compliance and Enforcement Branch and Complex Harms Branch are jointly responsible for implementing the Compliance and Enforcement Program, which sets out LHA's compliance and enforcement activities over a 12-month period. The program includes inquiring into and investigating non-compliance with the LHL Act and relevant laws by labour hire providers and hosts, and implementing proactive programs designed to improve compliance in the sector.

The Intelligence and Analytics Branch provides intelligence and analytical support for LHA's licensing, and compliance and enforcement work by collecting and analysing data and information received by LHA from members of the public and other sources, such as other government agencies (for instance, via our information-sharing agreements). It also provides analytical support to the broader agency by extracting and evaluating own-source data for strategic and operational needs.

## Corporate Services Division

The Corporate Services Division is headed by the COO. This Division comprises the Strategy and Governance Branch, the ICT Branch, the Finance Branch, and the People and Culture Branch.

The Strategy and Governance Branch manages LHA's strategic and business plans and governance frameworks, and works to ensure that LHA is managed in a way that is accountable and transparent in accordance with its obligations as a Victorian Government agency.

The ICT Branch manages LHA's information technology infrastructure, solutions and security, providing ICT solutions to meet LHA's operational needs.

The Finance Branch is responsible for LHA's financial matters, including budget management, procurement, internal financial management systems and reporting, and statutory compliance requirements.

The People and Culture Branch is responsible for our people-related matters, including organisational development, employment relations, talent management, benefits and remuneration, health, safety and wellbeing, learning and development, and systems, analytics and reporting. The People and Culture Branch also plays a central role in managing LHA's Employee Consultative Committee and Health and Safety Committee.

## Audit and Risk Committee

Victorian public sector agencies are required to appoint an Audit Committee under the Standing Directions 2018 of the Minister for Finance and in line with the *Financial Management Act 1994* (Vic).

The Audit and Risk Committee (ARC) provides independent oversight and advice to the Commissioner on governance, risk management, audit and control assurance activities. It also monitors financial reporting and performance, and statutory compliance obligations.

The ARC has three independent members. It is governed by a charter detailing its role and responsibilities consistent with the Standing Directions and best practice corporate governance principles.

The committee consisted of the following during 2025–26:

### Peter Lewinsky, Independent Member, Chair

Peter Lewinsky has an extensive private and public sector career spanning investment banking, and corporate and government advisory. Over the past 25 years, Peter has held numerous Victorian Government department governance appointments across a range of sectors. He has significant experience on a range of audit and risk committees.

### Steve Schinck, Independent Member

Steve Schinck has extensive audit and risk committee experience across local and state government, including with another Victorian Government regulatory agency. Steve also has significant executive experience at the Department of Treasury and Finance as a senior executive. He has in-depth knowledge of the government audit and risk priorities and standing directions.

### Lisa Tripodi, Independent Member

Lisa Tripodi is an experienced Fellow Certified Practising Accountant (FCPA) with over 25 years' experience in accounting, assurance services, governance, probity, risk management and digital transformation. Lisa is a former Partner Accounting and Assurance and Director IT Project Services at NTT with extensive private and public sector experience. She is a non-executive Board Member and holds numerous Audit and Risk Committee appointments with local government and Victorian Government statutory authorities.

### Internal audit

RSM Australia provided internal audit services in 2025–26. Internal audit provides independent assurance over LHA's governance, risk management and internal controls.

The strategic internal audit program includes reviews of LHA's compliance with the Standing Directions 2018, governance frameworks, risk management, occupational health and safety (OHS), business continuity and disaster recovery practices, and other internal control practices. The audit results and follow-up actions are reported to the ARC for review.



# 3. Workforce data

## Our people

With a focus on our strategic outcome of being a great place to work, LHA continues to cultivate a positive, safe and healthy workplace focused on maximising team effectiveness, performance and collaboration.

LHA's People Strategy focuses on delivering the following key outcomes in the coming years:

- our culture is safe, inclusive and collaborative
- our people experience LHA as a great place to work
- our people are high performing, committed and adapt to the changing environment.

Our People Matter Survey results for 2026 showed a continued strength in the overall engagement index compared to that of the Victorian Public Sector (VPS) as a whole, as well as similar agencies. We saw improvements in areas such as pride in our organisation, and continued to have strong results around workplace flexibility, performing meaningful work and organisational integrity.

LHA is committed to ensuring that our staff have active opportunities for engagement with and contribution to our ongoing development and maturity through forums such as the Employee Consultative Committee and our employee-led networks – Social Club, Pride Network and Neurodivergent Network.

## Public sector values and code of conduct

The *Public Administration Act 2004* (Vic) established the VPS Commission (VPSC), the VPS Values and the VPS Code of Conduct, which describe the expected standards of behaviour and provide detailed guidance on how we should demonstrate the VPS Values.

The VPS Values are:

- Responsiveness
- Integrity
- Impartiality
- Accountability
- Respect
- Leadership
- Human Rights.

LHA has policies and practices in place to ensure that our staff uphold the VPS Values at all times and apply the VPS Code of Conduct to maintain the highest standards of integrity and public trust in LHA's work. We are committed to addressing allegations of misconduct in relation to integrity matters, including referral to and collaboration with relevant VPS integrity agencies.

LHA provides detailed guidance and procedures for our staff on how to:

- manage and avoid conflicts of interest
- avoid, report, and eliminate fraud and corruption
- respond to offers of gifts and benefits
- exercise delegations of power and financial authorisations.

## Employment and conduct principles

LHA has policies and practices consistent with VPSC employment standards, which provide for:

- fair treatment
- merit in employment
- equal opportunity
- human rights
- career public service
- reasonable avenue of redress.

LHA applies merit and equity principles and robust assessment criteria when appointing candidates, in accordance with public sector employment requirements. Our staff have been advised of these principles, as well as our recruitment and selection processes.

## Health and safety

We are committed to providing a safe and healthy workplace and to promoting the mental health and wellbeing of our people. We are also committed to following Victorian Government health, safety and wellbeing policies, and programs sponsored by the VPSC, such as *Leading the Way: Occupational Health and Safety*.

During 2025, LHA implemented a tailored LHA Health and Safety Policy and a Health and Safety Procedures Handbook to provide our people with more information relating to various health and safety matters, including psychosocial hazards.

Our Executive Team is committed to the health, safety and wellbeing of staff, and continues to take active steps to promote safe, respectful and inclusive workplace behaviours. LHA executives are members of the LHA Health and Safety Committee and the Employee Consultative Committee. LHA continues to make available, and promote access to, the LHA Employee Assistance Program.

LHA's Health and Safety Committee comprises management representatives, health and safety representatives and union representatives. The functions of this committee include:

- OHS training and education of employees and Health and Safety Representatives
- monitoring and review of workplace inspections, workplace hazards, incidents, injuries and investigations
- reviewing risk assessments and risk controls
- reviewing safe work procedures
- reviewing safety rules and information
- reviewing emergency procedures and drills.

The following table outlines the number of reported incidents and injuries and the number of claims during 2025–26.

| | 2026 | 2025 |
|---|---|---|
| Number of reported incidents/ injuries per 100 full time staff equivalent (FTE) | 6.24 | 8.994 |
| Number of 'lost time' standard claims per 100 FTE | 0 | 0.8894 |
| Average claim cost per year | $0 | $78,256 |

## Workforce inclusion

LHA is committed to diversity, equity and inclusion. We recognise the benefits of harnessing the ideas and opinions of individuals and communities that have unique and varied experiences. We are committed to ensuring that all people:

- are treated with dignity and respect
- can experience fair and reasonable treatment
- have equitable access to employment opportunities and outcomes
- can participate in all aspects of work life
- have the opportunity to work flexibly.

In 2025, LHA developed its first Gender Equality Action Plan to further encourage diverse and inclusive practices across the LHA workforce. In June 2026, we submitted this plan to the Commissioner for Gender Equality in the Public Sector for their compliance assessment.

LHA has also created a Diversity, Equity and Inclusion Action Plan and is currently consulting with its workforce on the plan prior to its introduction in 2026–27.

## Executive officer data

The following table discloses the annualised total salary, by $20,000 bands, for executives and senior non-executive staff. The salaries reported are for the full financial year, at a 1.0 FTE rate and exclude superannuation. This table does not include the Accountable Officer.

| Income Band (salary) | Executives | STS |
|---|---|---|
| <$180,000 | – | – |
| $180,000 – $199,999 | – | – |
| $200,000 – $219,999 | – | 3 |
| $220,000 – $239,999 | – | – |
| $240,000 – $259,999 | – | – |
| $260,000 – $279,999 | 3 | 1 |
| **Total** | **3** | **4** |

## Comparative workforce data

Our workforce and organisational structure reflects our maturing regulatory program, with appropriate application of resources and capability across LHA to meet our operational and organisational requirements.

As at 30 June 2025, LHA's staffing profile was 111.23 FTE, which increased to 128.19 FTE as at 30 June 2026.

The following table discloses the head count and FTE of all active LHA public service employees employed in the last full pay period in June of the current reporting period (2026), and in the last full pay period in June of the previous reporting period (2025).

| | | June 2026 | | | | | | | June 2025 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | All Employees | | Ongoing | | | Fixed Term and Casual | | All Employees | | Ongoing | | | Fixed Term and Casual | |
| | | Total headcount | FTE | Full time headcount | Part time headcount | FTE | Total headcount | FTE | Total headcount | FTE | Full time headcount | Part time headcount | FTE | Total headcount | FTE |
| *Demographic data* | **Gender** | | | | | | | | | | | | | | |
| | Men | 59 | 58.2 | 53 | 3 | 55.2 | 3 | 3 | 50 | 49.7 | 43 | 2 | 44.7 | 5 | 5 |
| | Women | 72 | 68.99 | 56 | 10 | 63.59 | 6 | 5.4 | 63 | 61.53 | 55 | 5 | 58.93 | 3 | 2.6 |
| | Self described | 1 | 1 | 0 | 0 | 0 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | **Age** | | | | | | | | | | | | | | |
| | 15–24 | 1 | 0.6 | 0 | 1 | 0.6 | 0 | 0 | 4 | 3.5 | 3 | 1 | 3.5 | 0 | 0 |
| | 25–34 | 23 | 22.4 | 20 | 1 | 20.4 | 2 | 2 | 20 | 20 | 19 | 0 | 19 | 1 | 1 |
| | 35–44 | 48 | 45.99 | 37 | 8 | 43.39 | 3 | 2.6 | 48 | 46.73 | 39 | 6 | 44.13 | 3 | 2.6 |
| | 45–54 | 40 | 39.2 | 34 | 3 | 36.4 | 3 | 2.8 | 27 | 27 | 24 | 0 | 24 | 3 | 3 |
| | 55–64 | 18 | 18 | 17 | 0 | 17 | 1 | 1 | 13 | 13 | 13 | 0 | 13 | 0 | 0 |
| | 65+ | 2 | 2 | 1 | 0 | 1 | 1 | 1 | 1 | 1 | 0 | 0 | 0 | 1 | 1 |
| *Classification data* | **VPS 1-6 Grades** | | | | | | | | | | | | | | |
| | VPS 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | VPS 2 | 2 | 2 | 0 | 0 | 0 | 2 | 2 | 1 | 1 | 1 | 0 | 1 | 0 | 0 |
| | VPS 3 | 11 | 10.38 | 9 | 2 | 10.38 | 0 | 0 | 14 | 13.34 | 11 | 2 | 12.34 | 1 | 1 |
| | VPS 4 | 34 | 32.39 | 29 | 5 | 32.39 | 0 | 0 | 28 | 28 | 27 | 0 | 27 | 1 | 1 |
| | VPS 5 | 49 | 47.8 | 43 | 3 | 45.4 | 3 | 2.4 | 40 | 39.2 | 35 | 2 | 36.6 | 3 | 2.6 |
| | VPS 6 | 29 | 28.62 | 24 | 3 | 26.62 | 2 | 2 | 24 | 23.69 | 21 | 3 | 23.69 | 0 | 0 |
| | **Senior employees** | | | | | | | | | | | | | | |
| | STS | 4 | 4 | 4 | 0 | 4 | 0 | 0 | 3 | 3 | 3 | 0 | 3 | 0 | 0 |
| | Executives | 3 | 3 | 0 | 0 | 0 | 3 | 3 | 3 | 3 | 0 | 0 | 0 | 3* | 3* |
| | **Total Employees** | **132** | **128.19** | **109** | **13** | **118.79** | **10** | **9.4** | **113** | **111.23** | **98** | **7** | **103.63** | **8** | **7.6** |

*Note: Correction of June 2025 workforce data - three executive positions that are fixed term positions were incorrectly reported in 2024-25 as ongoing. This has been corrected in the table of comparative workforce data above for June 2025.



# 4. Other disclosures

## Local Jobs First – Implementation of the Victorian Industry Participation Policy

The Local Jobs First Policy supports Victorian businesses and workers by ensuring that small and medium-size enterprises are given a full and fair opportunity to compete for both large and small government contracts, helping to create job opportunities, including for apprentices, trainees and cadets.

Government departments and public sector bodies are required to apply the Local Jobs First Policy in all projects valued at $3 million or more in Metropolitan Melbourne or for statewide projects, or $1 million or more for projects in regional Victoria.

LHA undertook no projects subject to this policy during the 2025–26 reporting period.

## Government advertising expenditure

In 2025–26, none of LHA's advertising campaigns involved a total media buy of $100,000 or greater (excluding GST).

## Consultancy expenditure

**Details of consultancies (valued at $10,000 or greater)**

In 2025–26, there were seven consultancies where the total fees payable were $10,000 or greater. The total expenditure incurred during 2025–26 in relation to these consultancies was $719,753 (excluding GST). Details of individual consultancies are outlined below.

| Consultant | Purpose | Total approved project fee (ex GST) *($'000)* | Expenditure in 2025–26 (ex GST) *($'000)* | Future expenditure (ex GST) *($'000)* |
|---|---|---|---|---|
| Data Agility Pty Ltd | Power BI reporting | 455.1 | 392.9 | 62.2 |
| P1 Consulting Pty Ltd | Helpdesk solution implementation | 119.1 | 119.1 | nil |
| Escient Pty Ltd | Software review | 96.0 | 96.0 | nil |
| Hays Specialist Recruitment (Australia) Pty Ltd | Professional recruitment services | 47.8 | 47.8 | nil |
| Alpha Biz Solutions Pty Ltd | Software development | 35.3 | 35.3 | nil |
| With Purpose Solutions | Licence assessment review | 15.8 | 15.8 | nil |
| Martha Travis People Innovators | Software development | 13.0 | 13.0 | nil |

### Details of consultancies valued under $10,000

In 2025–26, there were four consultancies where the total fees payable were less than $10,000. The total expenditure incurred in during 2025–26 in relation to these consultancies was $24,091 (excluding GST).

## Review and study expenses

In 2025–26, LHA did not undertake any reviews or studies.

## Details of information and communication technology (ICT) expenditure

For the 2025–26 reporting period, LHA had a total ICT expenditure of $6,007,577 (excluding GST), with the details shown below.

| All operational ICT expenditure *($'000)* | ICT expenditure related to projects to create or enhance ICT capabilities *($'000)* | | |
|---|---|---|---|
| Business As Usual (BAU) ICT expenditure | Non-BAU ICT expenditure (Operational Expenditure + Capital Expenditure) | Operational Expenditure | Capital Expenditure |
| 3,733 | 2,275 | 2,124 | 151 |

Note: ICT expenditure refers to LHA's costs providing business enabling ICT services within the current reporting period. It comprises Business as Usual (BAU) ICT expenditure and Non-Business as Usual (Non-BAU) ICT expenditure. BAU ICT expenditure primarily relates to ongoing activities to operate or maintain the current ICT capability. Non-BAU ICT expenditure relates to extending or enhancing LHA's current ICT capabilities, comprising operational expenditure and capital expenditure.

## Major contracts

In 2025–26, LHA did not engage in any major contracts over $10 million.

## Freedom of information

The *Freedom of Information Act 1982* (Vic) (FOI Act) allows the public a right of access to documents held by LHA. The purpose of the FOI Act is to extend, as far as possible, the right of the community to access information held by government departments, local councils, Ministers, and other bodies subject to the FOI Act.

An applicant has a right to apply for access to documents held by bodies subject to the FOI Act. These comprise documents created by LHA or supplied to LHA by an external organisation or individual. They may also include maps, films, microfiche, photographs, computer printouts, computer disks, tape recordings and videotapes.

The FOI Act allows bodies subject to it to refuse access, either fully or partially, to certain documents or information. Examples of documents that may not be accessed include:

- documents relating to investigations, reviews and audits
- law enforcement documents
- some internal working documents
- documents covered by legal professional privilege, such as legal advice
- personal information about other people
- information provided to LHA in confidence.

In 2025–26 LHA received five FOI requests for LHA documents.

LHA made two access decisions on FOI requests to LHA in 2025–26.

**Making an FOI request**

When making an FOI request, applicants should ensure that requests:

- are in writing
- identify as clearly as possible which documents are requested
- are accompanied by the application fee.

An application fee of $34.50 applies. Access charges may also be payable if the document pool is large and the search for material is time consuming.

FOI requests can be lodged at FOI@labourhireauthority.vic.gov.au

or:

Freedom of Information Officer
Labour Hire Authority
PO Box 393
Bendigo VIC 3552

More information about FOI can be found at ovic.vic.gov.au

## Compliance with the *Building Act 1993* (Vic)

LHA met all relevant compliance provisions of the *Building Act 1993* (Vic) in its building and maintenance activities in 2025–26.

## Competitive neutrality

Competitive neutrality requires government businesses to ensure that where they undertake significant business activities in markets and compete, potentially, with the private sector, any advantage arising solely from their government ownership be removed if it is not in the public interest.

Government businesses are required to cost and price these services as if they were privately owned.

The National Competition Policy and the Victorian Competitive Neutrality Policy support fair competition between public and private businesses. They give government businesses the tools to enhance decisions on resource allocation.

The guiding principle of the Victorian Competitive Neutrality Policy is that government businesses should not have a competitive advantage by virtue of being publicly owned, unless the impact of the government business on competitive neutrality is in the public interest.

LHA continues to comply with the Victorian Competitive Neutrality Policy.

## Public interest disclosures

The *Public Interest Disclosures Act 2012* (Vic) (PID Act) encourages and helps people to make disclosures of improper conduct by public officers and public bodies. The PID Act protects people who make these disclosures and establishes a system for disclosed matters to be investigated and rectifying action to be taken.

LHA does not tolerate improper conduct by employees, nor reprisals being made against those who come forward to disclose improper conduct. LHA is committed to ensuring transparency and accountability in its administrative and management practices, and supports people to make disclosures that reveal:

- corrupt conduct
- conduct involving a substantial mismanagement of public resources
- conduct involving a substantial risk to public health and safety or the environment.

LHA encourages its staff and members of the public to report known or suspected incidences of improper conduct and detrimental action.

LHA cannot receive a Public Interest Disclosure (PID) under the relevant legislation; however, LHA staff are entitled to make a PID to a body that is able to receive one and will receive support and protection from LHA in doing so.

LHA will take all reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure. It will also afford natural justice to the person who is the subject of the disclosure to the extent it is legally possible.

Disclosures of improper conduct or detrimental action by LHA or any of its employees may be made directly to:

Independent Broad-based Anti-corruption Commission
Level 1, North Tower
459 Collins Street
Melbourne, VIC 3000

T: 1300 735 135
W: ibac.vic.gov.au

**Disclosures made under the *Public Interest Disclosures Act 2012* (Vic)**

LHA made no disclosures to the Independent Broad-based Anti-corruption Commission under the PID Act in 2025–26.

## Compliance with the *Carers Recognition Act 2012* (Vic)

LHA has taken all practical measures to comply with its obligations under the *Carers Recognition Act 2012* (Vic).

In line with this Act, LHA recognises and values the contribution carers make within the community by:

- considering the care relationships principles set out in this Act when setting policies
- using Victorian Public Service Enterprise Agreement common policies relating to personal and carer's leave, flexible work arrangements and other forms of leave to enable carers to fulfil their caring responsibilities
- promoting the availability of flexible work arrangements and leave provisions, and providing resources to effectively support these
- providing mental health and wellbeing support to all staff through the Employee Assistance Program and mental health and wellbeing training.

## Compliance with the *Disability Act 2006* (Vic)

The *Disability Act 2006* (Vic) reaffirms and strengthens the rights of people with a disability and recognises that this requires support across the government sector and within the community.

LHA is committed to providing an inclusive, people-centred culture, based on our core values, to ensure that we can meet our goal of being a great place to work that is safe, agile, collaborative and well governed. The VPS Values operate as a foundation to guide how we go about our work.

LHA's People Strategy is designed to promote an environment of collaboration and information sharing that empowers all our people to make a valued and meaningful contribution to LHA. This strategy outlines three strategic pillars:

- Leadership and management excellence
- Success through diversity, equity and inclusion
- Strengthened capability, collaboration and performance.

In 2026, LHA developed a Diversity, Equity and Inclusion Action Plan that prioritises hearing, understanding and responding to people with lived experience of diversity in order to identify and remove barriers to inclusion, and aims to equip all staff with the capability to create an environment in which everyone is welcome, included and engaged, and their contributions are valued. LHA is currently consulting with its workforce on the plan prior to its introduction in 2026–27.

## Emergency procurement expenditure

In 2025–26, LHA did not engage in any emergency procurement of goods or services within the scope of the Victorian Government Purchasing Board Procurement Capability Framework.

## Disclosure of social procurement activities under the Social Procurement Framework

The Social Procurement Framework governs how the Victorian Government undertakes social procurement. The framework applies to the procurement of all goods, services and construction undertaken by, or on behalf of, entities subject to the Standing Directions 2018 under the *Financial Management Act 1994* (Vic).

LHA will leverage its buying power to deliver social, economic and environmental outcomes benefiting the Victorian community, the economy and the environment – above and beyond the goods and services procured.

LHA's Social Procurement Strategy will come into effect on 1 July 2026.

## Disclosure of procurement complaints

In 2025–26, LHA did not receive any complaints in relation to the procurement of goods and services within the scope of the Victorian Government Purchasing Board Procurement Capability Framework.

## Office-based environmental impacts

LHA reduces office-based environmental impacts by prioritising and integrating digital ways of working and efficient use of office space. This includes:

- providing personal ICT equipment, which discourages unnecessary printing
- minimising office footprint via hot-desk arrangements
- maximising natural light and using movement to activate energy-efficient lighting
- separating waste bins to encourage recycling
- adding plants to our offices
- supporting staff to use public transport between our Bendigo and Melbourne offices.

LHA is a tenant of the Bendigo GovHub, which delivers high-performing sustainability outcomes including efficient indoor air-quality systems, a well-insulated building, solar panels, water and energy monitoring systems and a large timber frame.

LHA uses an efficient model for staff travel requirements that includes utilising VicFleet or hire cars, and it does not own any cars.

## Compliance with DataVic Access Policy

Consistent with the DataVic Access Policy, LHA has not made any data sets available on the DataVic website. Not all government data is suitable for release. Access to data may need to be restricted for reasons of privacy, public safety, law enforcement and compliance with the law, including the LHL Act.

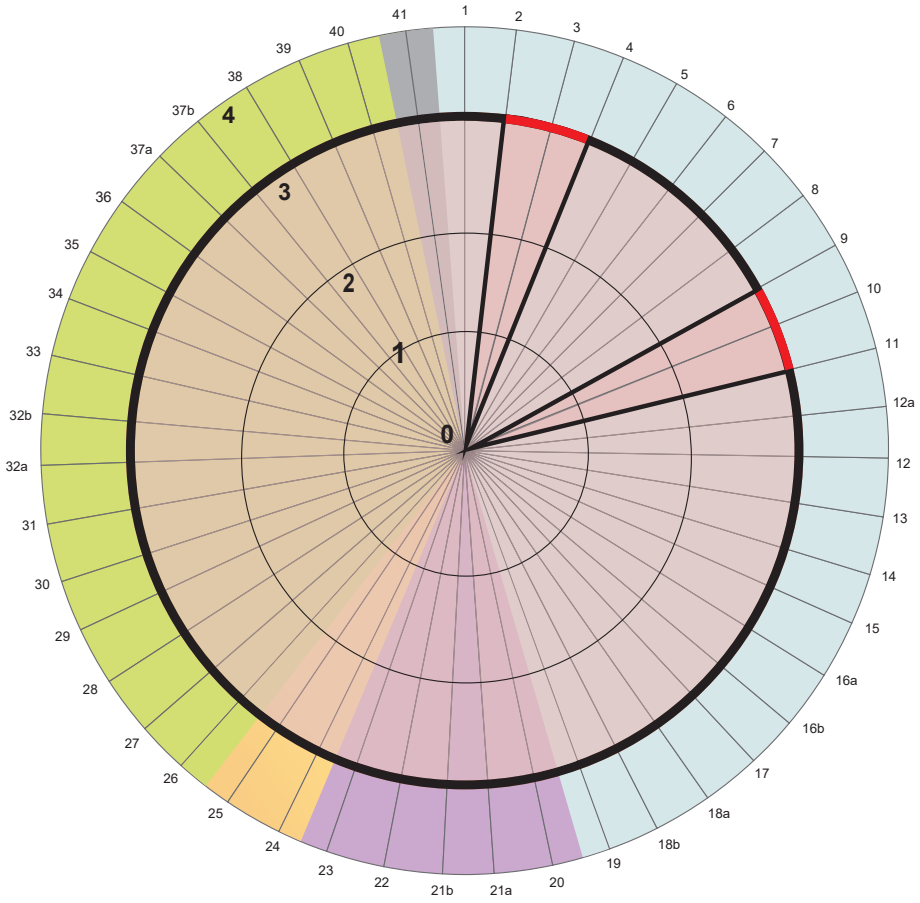
LHA has published data on its own website, including details of licensed, refused, cancelled and suspended labour hire providers and labour hire licence applicants. This data includes business address, ABN and ACN, and the industries each business supplies workers to. The data is exportable in CSV format from the LHA website at no cost.

## Asset Management Accountability Framework (AMAF) maturity assessment

The following section summarises LHA's assessment of maturity against the requirements of the AMAF. The AMAF is a non-prescriptive, devolved accountability model of asset management that requires compliance with 41 mandatory requirements. These requirements can be found on the Department of Treasury and Finance website.

LHA's target maturity rating is 'competence', meaning that systems and processes are fully in place, consistently applied and systematically meeting the AMAF requirement, including a continuous improvement process to expand system performance above AMAF minimum requirements.

| | |
|---|---|
| **Leadership and Accountability (requirements 1–19)** | LHA has met its target maturity level in this category. |
| **Planning (requirements 20–23)** | LHA has met its target maturity level in this category. |
| **Acquisition (requirements 24 and 25)** | LHA has met its target maturity level in this category. |
| **Operation (requirements 26–40)** | LHA has met its target maturity level in this category. |
| **Disposal (requirement 41)** | LHA has met its target maturity level in this category. |







| | |
|---|---|
| **Not applicable** | N/A |
| **Innocence** | 0 |
| **Awareness** | 1 |
| **Developing** | 2 |
| **Competence** | 3 |
| **Optimising** | 4 |
| **Unassessed** | U/A |

## Additional information available on request

In line with the Financial Reporting Directions issued under the *Financial Management Act 1994* (Vic), LHA has retained details of the items listed below. This information is available on request, subject to the provisions of the FOI Act. A person may request information on the following items:

- a statement that declarations of pecuniary interests have been duly completed by all relevant officers
- details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary
- details of publications produced by LHA about itself, and how these can be obtained
- details of changes in prices, fees, charges, rates and levies charged by LHA
- details of any major external reviews carried out on LHA
- details of major research and development activities undertaken by LHA
- details of overseas visits undertaken, including a summary of the objectives and outcomes of each visit
- details of major promotional, public relations and marketing activities undertaken by LHA to develop community awareness of LHA and its services
- details of assessments and measures undertaken to improve the occupational health and safety of employees
- a general statement on industrial relations within LHA and details of time lost through industrial accidents and disputes
- a list of major committees sponsored by LHA, the purposes of each committee and the extent to which the purposes have been achieved
- details of all consultancies and contractors, including:
    - consultants/contractors engaged
    - services provided
    - expenditure committed to for each engagement.

This information is available on request from:

**Chief Operating Officer**
Labour Hire Authority
PO Box 393
BENDIGO VIC 3552

FOI: foi@labourhireauthority.vic.gov.au

Governance: governance@labourhireauthority.vic.gov.au

# Labour Hire Authority Financial Management Compliance Attestation Statement

I, Michelle Osborne, as the Responsible Body, certify that the Labour Hire Authority has no Material Compliance Deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994* (Vic) and Instructions.

3 September 2026



**Michelle Osborne**

Acting Labour Hire Licensing Commissioner
Labour Hire Authority




# 5. Financial statements

# Accountable Officer's and Chief Finance Officer's declaration

The attached financial statements for the Labour Hire Licensing Authority (LHA) have been prepared in accordance with Direction 5.2 of the Standing Directions of the Minister for Finance under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and the accompanying notes, presents fairly the financial transactions during the financial year ended 30 June 2026 and the financial position of LHA at 30 June 2026.

At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 3 September 2026.

**Michelle Osborne**

Acting Labour Hire Licensing Commissioner
Labour Hire Authority

**Tracey Langdon**

Chief Finance Officer
Labour Hire Authority

Victorian Auditor-General's Office

# Independent Auditor's Report

## *To the Commissioner of the Labour Hire Licensing Authority*

**Opinion**

I have audited the financial report of the Labour Hire Licensing Authority (the Authority), which comprises the:

- balance sheet as at 30 June 2026
- comprehensive operating statement for the year then ended
- statement of changes in equity for the year then ended
- cash flow statement for the year then ended
- notes to the financial statements, including material accounting policy information
- declaration in the financial statements.

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Authority as at 30 June 2026 and its financial performance and cash flows for the year then ended, in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and Australian Accounting Standards - Simplified Disclosures.

**Basis for opinion**

I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

My independence is established by the *Constitution Act 1975.* My staff and I are independent of the Authority in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Level 31 / 35 Collins Street, Melbourne Vic 3000
T 03 8601 7000 enquiries@audit.vic.gov.au www.audit.vic.gov.au

**The Commissioner's responsibilities for the financial report**

The Commissioner of the Authority is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Simplified Disclosures and the *Financial Management Act 1994*, and for such internal control as the Commissioner determines is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Commissioner is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

**Auditor's responsibilities for the audit of the financial report**

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Commissioner

**Auditor's responsibilities for the audit of the financial report (continued)**

- conclude on the appropriateness of the Commissioner's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Commissioner regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



MELBOURNE

3 September 2026

Janaka Kumara

*as delegate for the Auditor-General of Victoria*

# Comprehensive Operating Statement
## For The Financial Year Ended 30 June 2026

| | Notes | 2026 ($'000) | 2025 ($'000) |
|---|---|---|---|
| **Continuing operations** | | | |
| **Revenue and income from transactions** | | | |
| Regulatory fees | 2.2.1 | 23,226 | 23,295 |
| Interest income | 2.2.2 | 1,470 | 1,606 |
| Other income | | 4 | 6 |
| **Total revenue and income from transactions** | | **24,700** | **24,907** |
| **Expenses from transactions** | | | |
| Employee benefits expenses | 3.2.1 | 20,767 | 17,688 |
| Operating expenses | 3.3 | 6,021 | 4,995 |
| Interest expense | 6.1.1 | 106 | 117 |
| Depreciation and amortisation | 4.1.2 | 664 | 711 |
| **Total expenses from transactions** | | **27,558** | **23,511** |
| **Net result from transactions (net operating balance)** | | **(2,858)** | **1,396** |
| **Other economic flows included in net result** | | | |
| Net gain/(loss) on non-financial assets | | - | (12) |
| **Total other economic flows included in net result** | | **-** | **(12)** |
| **Net result from continuing operations** | | **(2,858)** | **1,384** |
| **Net result** | | **(2,858)** | **1,384** |
| **Comprehensive result** | | **(2,858)** | **1,384** |

The accompanying notes form part of these financial statements.

# Balance Sheet
## As at 30 June 2026

| | Notes | 2026 ($'000) | 2025 ($'000) |
|---|---|---|---|
| **Assets** | | | |
| **Financial assets** | | | |
| Cash and deposits | 6.3 | 42,000 | 39,302 |
| Receivables | 5.1.1 | 743 | 1,001 |
| **Total financial assets** | | **42,743** | **40,303** |
| **Non-financial assets** | | | |
| Property, plant and equipment | 4.1 | 2,537 | 2,924 |
| Intangible assets | 4.2 | 46 | 173 |
| Other non-financial assets | 5.4 | 456 | 100 |
| **Total non-financial assets** | | **3,039** | **3,197** |
| **Total assets** | | **45,782** | **43,500** |
| **Liabilities** | | | |
| Payables | 5.2.1 | 1,298 | 859 |
| Contract liabilities | 5.3 | 14,910 | 10,516 |
| Employee related provisions | 3.2.2 | 3,293 | 2,719 |
| Borrowings | 6.1 | 2,246 | 2,513 |
| **Total liabilities** | | **21,747** | **16,607** |
| **Net assets** | | **24,035** | **26,893** |
| **Equity** | | | |
| Accumulated surplus | | 24,035 | 26,893 |
| **Net worth** | | **24,035** | **26,893** |

The accompanying notes form part of these financial statements.

# Cash Flow Statement
## For The Financial Year Ended 30 June 2026

| | Notes | 2026 ($'000) | 2025 ($'000) |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| **Receipts** | | | |
| Receipts from regulatory fees | | 27,912 | 21,169 |
| Interest received | | 1,470 | 1,606 |
| Goods and services tax received from the ATO | | 592 | 511 |
| Other receipts | | 4 | 1 |
| **Total receipts** | | **29,978** | **23,287** |
| **Payments** | | | |
| Payments to suppliers and employees | | (26,674) | (22,523) |
| Interest and other costs of finance paid | | (189) | (184) |
| **Total payments** | | **(26,863)** | **(22,707)** |
| **Net cash flows from / (used in) operating activities** | **6.3.1** | **3,115** | **580** |
| **Cash flows from investing activities** | | | |
| Purchase of non-financial assets | | (150) | (484) |
| **Net cash flows from / (used in) investing activities** | | **(150)** | **(484)** |
| **Cash flows from financing activities** | | | |
| Payments of principal portion of lease liabilities | | (267) | (240) |
| **Net cash flows from / (used in) financing activities** | | **(267)** | **(240)** |
| **Net increase/(decrease) in cash and cash equivalents** | | **2,698** | **(144)** |
| Cash and cash equivalents at the beginning of the financial year | | 39,302 | 39,446 |
| **Cash and cash equivalents at end of financial year** | | **42,000** | **39,302** |

The accompanying notes form part of these financial statements.

# Statement of changes in equity
## For The Financial Year Ended 30 June 2026

| | Total *($'000)* |
|---|---|
| **Accumulated surplus** | |
| **Balance at 1 July 2024** | **25,509** |
| Net result for the year | 1,384 |
| **Balance at 30 June 2025** | **26,893** |
| Net result for the year | (2,858) |
| **Balance at 30 June 2026** | **24,035** |

The accompanying notes form part of these financial statements.

# Notes to the financial statements
**For The Financial Year Ended 30 June 2026**

# 1. ABOUT THIS REPORT

## Introduction

The Labour Hire Licensing Authority (LHA) is a government agency of the State of Victoria, established pursuant to an order by the Governor in Council under the *Labour Hire Licensing Act 2018* (the Act). It is an administrative agency acting on behalf of the Crown.

Its principal address is:

Labour Hire Licensing Authority
PO Box 393
Bendigo VIC 3552

A description of the nature of LHA's operations and principal activities is included in the Report of Operations, which does not form part of these financial statements.

## 1.1 Basis of preparation

These financial statements are Tier 2 general purpose financial statements prepared in accordance with Australian Accounting Standards Board (AASB) 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* (AASB 1060) and Financial Reporting Direction (FDR) 101 *Application of Tiers of Australian Accounting Standards* (FRD 101).

These financial statements are in Australian dollars, and the historical cost convention is used unless a different measurement basis is specifically disclosed in the notes to the financial statements.

The accrual basis of accounting has been applied in preparing these financial statements, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision.

Judgements and assumptions made by management in applying Australian Accounting Standards (AASs) that have significant effects on the financial statements and estimates relate to:

- Contract liabilities (Note 5.3);
- Employee benefits expenses (Note 3.2); and
- Leases (Note 6.2).

These financial statements cover LHA as an individual reporting entity and include all the controlled activities of LHA. There is no entity consolidated into LHA.

All amounts in the financial statements have been rounded to the nearest $1,000 unless otherwise stated.

## Compliance information

These general-purpose financial statements have been prepared in accordance with the *Financial Management Act 1994* (Vic) and applicable Australian Accounting Standards (AASs), which include Interpretations, issued by the Australian Accounting Standards Board (AASB).

This format is aligned to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Where appropriate, those AASs paragraphs applicable to not-for-profit entities have been applied. Accounting policies selected and applied in these financial statements ensure that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

# 2. FUNDING DELIVERY OF OUR SERVICES

## Introduction

This note presents the sources and amounts of revenue and income raised by LHA, and the accounting policies that are relevant for an understanding of the items reported in the financial statements.

LHA has made a judgement that amounts received in relation to regulatory application fee revenue, recognised under AASB 15 *Revenue from Contracts with Customers* are brought to account on the basis that performance obligations have been satisfied during the financial period.

LHA also receives other income which is brought to account under AASB 1058 *Income of Not-for-Profit Entities* in the current financial year.

## Structure

**2.1** Summary of revenue and income that funds the delivery of our services

**2.2** Revenue and income from transactions

**2.2.1** Regulatory fees
**2.2.2** Interest income

## 2.1 Summary of revenue and income that funds the delivery of our services

| | Notes | 2026 *($'000)* | 2025 *($'000)* |
|---|---|---|---|
| Licence fee income | 2.2.1 | 15,236 | 15,819 |
| Application fee revenue | 2.2.1 | 7,990 | 7,476 |
| Interest income | 2.2.2 | 1,470 | 1,606 |
| Other income | | 4 | 6 |
| **Total revenue and income from transactions** | | **24,700** | **24,907** |

Revenue and income that fund delivery of LHA's services are accounted for consistently with the requirements of the relevant accounting standards disclosed in the following notes.

## 2.2 Revenue and income from transactions

### 2.2.1 Regulatory fees

| | 2026 *($'000)* | 2025 *($'000)* |
|---|---|---|
| Licence fee income | 15,236 | 15,819 |
| Application fee revenue | 7,990 | 7,476 |
| **Total regulatory fees** | **23,226** | **23,295** |

Regulatory licence fee income is derived from fees payable to LHA in accordance with S35 (1) the *Labour Hire Licensing Act 2018* (Vic). These fees are recognised when invoiced by LHA.

Regulatory application fee revenue is derived from fees payable to LHA in accordance with S24(1)(d) of the *Labour Hire Licensing Act 2018* (Vic). These fees are recognised over the period of the licence as the licence-holder consumes the benefit of the licence pursuant to AASB 15.

### 2.2.2 Interest income

Interest income includes interest received on cash and deposits. Refer to 7.1.1 for information on interest income.

# 3. THE COST OF DELIVERING SERVICES

## Introduction

This note provides information about how LHA's funding is applied in delivering services and outputs, and the accounting policies that are relevant for an understanding of the items reported in the financial statements.

## Structure


**3.1** Expenses incurred in delivery of services

**3.2** Employee benefits expenses

**3.2.1** Employee benefits expenses in the Comprehensive Operating Statement

**3.2.2** Employee-related provisions

**3.3** Operating expenses


## 3.1 Expenses incurred in delivery of services

| | Notes | 2026 *($'000)* | 2025 *($'000)* |
|---|---|---|---|
| Employee benefits expenses | 3.2.1 | 20,767 | 17,688 |
| Operating expenses | 3.3 | 6,021 | 4,995 |
| Interest expense | 6.1.1 | 106 | 117 |
| Depreciation and amortisation | 4.1.2 | 664 | 711 |
| **Total expenses incurred in delivery of services** | | **27,558** | **23,511** |

Expenses are recognised net of goods and services tax (GST), except where the amount of GST is not recoverable from the ATO. In these circumstances, the GST is recognised as part of an item of expense.

## 3.2 Employee benefits expenses

### 3.2.1 Employee benefits expenses in the Comprehensive Operating Statement

| | 2026 *($'000)* | 2025 *($'000)* |
|---|---|---|
| Salaries and wages, annual leave and long service leave | 18,781 | 16,034 |
| Superannuation | 1,986 | 1,654 |
| **Total employee benefits expenses** | **20,767** | **17,688** |

Employee expenses include all costs related to employment including salaries and wages, superannuation, payroll tax, fringe benefits tax, WorkCover premiums, termination payments and leave entitlements. The majority of employee expenses in the Comprehensive Operating Statement are salaries and wages.

The amount recognised in the Comprehensive Operating Statement in relation to superannuation is employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period.

### 3.2.2 Employee-related provisions

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave (LSL) for services rendered to the reporting date and recorded as an expense during the period the services are delivered.

| | 2026 *($'000)* | 2025 *($'000)* |
|---|---|---|
| **Current provisions:** | | |
| Annual leave | 1,261 | 1,019 |
| Long service leave | 986 | 792 |
| Provisions for on-costs | 430 | 339 |
| **Total current provisions for employee benefits** | **2,677** | **2,150** |
| **Non-current provisions:** | | |
| Employee benefits | 519 | 481 |
| On-costs | 97 | 88 |
| **Total non-current provisions for employee benefits** | **616** | **569** |
| **Total provisions for employee benefits** | **3,293** | **2,719** |

**Wages and salaries, annual leave and personal leave**

Liabilities for wages and salaries (including non-monetary benefits, annual leave and on-costs) are recognised as current liabilities, because LHA does not have an unconditional right to defer settlement of these liabilities.

The liability for salaries and wages is recognised in the Balance Sheet at remuneration rates which are current at the reporting date. As LHA expects the liabilities to be wholly settled within 12 months of reporting date, they are measured at undiscounted amounts.

The annual leave liability is classified as a current liability and measured at the undiscounted amount expected to be paid, as LHA does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

No provision has been made for personal leave as all personal leave is non-vesting and it is not considered probable that the average personal leave taken in the future will be greater than the benefits accrued in the future. As personal leave is non-vesting, an expense is recognised in the Comprehensive Operating Statement as it is taken.

Employment on-costs such as payroll tax, workers compensation and superannuation are not employee benefits. They are disclosed separately as a component of the provision for employee benefits when the employment to which they relate has occurred. The on-costs provision is immaterial in 2025–26.

**Long service leave**

**Unconditional LSL** is disclosed as a current liability, even where LHA does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at either:

- undiscounted value – if LHA expects to wholly settle within 12 months
- present value – if LHA does not expect to wholly settle within 12 months.

**Conditional LSL** is disclosed as a non-current liability. There is a conditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL is measured at present value.

Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a material gain or loss arises due to changes in bond interest rates for which it is then recognised as an 'other economic flow' in the net result.

## 3.3 Operating expenses

| | **2026** *($'000)* | **2025** *($'000)* |
|---|---|---|
| Technology services | 2,195 | 1,551 |
| Professional services and consultants | 1,458 | 1,228 |
| Impairment of receivables | 779 | 734 |
| Marketing and communications | 424 | 296 |
| Regulatory search fees | 338 | 311 |
| Other expenses | 265 | 271 |
| Staff training and development | 240 | 321 |
| Travel expenses | 211 | 99 |
| Accommodation and property services | 111 | 184 |
| **Total operating expenses** | **6,021** | **4,995** |

**Operating expenses** generally represent the day-to-day running costs incurred in normal operations. It also includes bad debts expenses from transactions that are mutually agreed.

Operating expenses are recognised as an expense in the reporting period in which they are incurred.

The following lease payments are recognised on a straight-line basis:

- Short-term leases – leases with a term 12 months or less
- Low value leases – leases with the underlying asset's fair value (when new, regardless of the age of the asset being leased) is no more than $10,000.

**Impairment of receivables:** Impairment of receivables as a result of mutual agreement with counterparty is deemed as expenses from transactions. Refer to Note 8.1 for unilateral written off included in other economic flows.

# 4. KEY ASSETS TO SUPPORT SERVICE DELIVERY

## Introduction

LHA controls property, plant and equipment entrusted to be administered for the purpose of delivering its objectives to its stakeholders in line with its mission and values.

## Structure

**4.1** Property, plant and equipment

**4.1.1** Total right-of-use assets: buildings and vehicles
**4.1.2** Depreciation and amortisation
**4.1.3** Reconciliation of movements in carrying amount of property, plant and equipment

**4.2** Intangible assets

## 4.1 Property, plant and equipment

| | Gross carrying amount | | Accumulated depreciation | | Net carrying amount | |
|---|---|---|---|---|---|---|
| | **2026** *($'000)* | **2025** *($'000)* | **2026** *($'000)* | **2025** *($'000)* | **2026** *($'000)* | **2025** *($'000)* |
| Leasehold improvements | 255 | 255 | (30) | (4) | 225 | 251 |
| Office and computer equipment | 904 | 841 | (653) | (571) | 251 | 270 |
| Assets under construction | - | - | - | - | - | - |
| Right-of-use assets: buildings and vehicles [(a)] | 2,759 | 2,759 | (698) | (356) | 2,061 | 2,403 |
| **Net carrying amount** | **3,918** | **3,855** | **(1,381)** | **(931)** | **2,537** | **2,924** |

**Note**: (a) As a result of a change in FRD 104 *Leases* effective for reporting periods from 30 June 2026, right-of-use assets are measured at cost for reporting period 2026. The comparative information for reporting period 2025 is not restated and is reported at the previously determined fair value. For further information, refer to Note 8.2.

Items of property, plant and equipment are measured initially at cost and subsequently valued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. The cost of constructed non-financial physical assets includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

The following tables are right-of-use assets included in the PPE balance, presented by subsets of buildings, and plant and equipment.

### 4.1.1 Total right-of-use assets: buildings and vehicles

| | Gross carrying amount | Accumulated depreciation | Net carrying amount | Gross carrying amount | Accumulated depreciation | Net carrying amount |
|---|---|---|---|---|---|---|
| | **2026** *($'000)* | **2026** *($'000)* | **2026** *($'000)* | **2025** *($'000)* | **2025** *($'000)* | **2025** *($'000)* |
| Buildings [(a)] | 2,728 | (684) | 2,044 | 2,728 | (342) | 2,386 |
| Vehicles [(a)] | 31 | (14) | 17 | 31 | (14) | 17 |
| **Net carrying amount** | **2,759** | **(698)** | **2,061** | **2,759** | **(356)** | **2,403** |

| | Buildings | Vehicles | Total |
|---|---|---|---|
| **Opening balance – 1 July 2024 [(a)]** | **-** | **21** | **21** |
| Additions | 2,728 | - | 2,728 |
| Disposals | - | - | - |
| Depreciation | (342) | (4) | (346) |
| **Closing balance – 30 June 2025** | **2,386** | **17** | **2,403** |
| **Opening balance – 1 July 2025** | **2,386** | **17** | **2,403** |
| Additions | - | - | - |
| Disposals | - | - | - |
| Depreciation | (342) | - | (342) |
| **Closing balance – 30 June 2026** | **2,044** | **17** | **2,061** |

Note: (a) As a result of a change in FRD 104 *Leases* effective for reporting periods from 30 June 2026, right-of-use assets are measured at cost for reporting period 2026. The comparative information for reporting period 2025 is not restated and is reported at the previously determined fair value. For further information, refer to Note 8.2.

**Right-of-use assets acquired by lessees – Initial measurement**

LHA recognises a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date less any lease incentive received
- any initial direct costs incurred
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

**Right-of-use assets – Subsequent measurement**

Right-of-use assets are subsequently measured at cost less accumulated depreciation, impairment and any adjustments for remeasurement of the lease liability. LHA depreciates the right-of-use assets on a straight line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Impairment of right-of-use assets is determined and accounted for in accordance with AASB 136 *Impairment of Assets*.

**Impairment of right-of-use assets**

LHA has assessed all right-of-use assets for impairment, and no indicators of impairment are identified as at 30 June 2026.

**4.1.2 Depreciation and amortisation**

All buildings, plant and equipment and other non-financial physical assets that have finite useful lives, are depreciated.

Depreciation is generally calculated on a straight line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

| Asset | Useful Life |
|---|---|
| Buildings – leased assets | 2–10 years |
| Leasehold improvements Plant, equipment and vehicles (including leased assets – excluding Assets Under Construction) | 2–5 years |
| Leasehold improvements | 2–10 years |

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term. Where LHA obtains ownership of the underlying leased asset or if the cost of the right-of-use asset reflects that the entity will exercise a purchase option, the entity depreciates the right-of-use asset over its useful life.

Leasehold improvements are depreciated over the shorter of the lease term and their useful lives.

| Charge for the period | 2026 ($'000) | 2025 ($'000) |
|---|---|---|
| Buildings | 342 | 342 |
| Leasehold improvements | 26 | 5 |
| Office and computer equipment | 169 | 167 |
| Vehicles | - | 4 |
| Capitalised software development | 127 | 193 |
| **Total depreciation and amortisation** | **664** | **711** |

### 4.1.3 Reconciliation of movements in carrying amount of property, plant and equipment

| | Leasehold improvements at fair value | | Office and computer equipment at fair value | | Assets under construction | | Right-of-use assests [a] | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2026 ($'000) | 2025 ($'000) | 2026 ($'000) | 2025 ($'000) | 2026 ($'000) | 2025 ($'000) | 2026 ($'000) | 2025 ($'000) | 2026 ($'000) | 2025 ($'000) |
| **Opening blance** | **251** | **16** | **270** | **186** | **-** | **35** | **2,403** | **21** | **2,924** | **258** |
| Reclassifications | - | (15) | - | - | - | (6) | - | - | - | (21) |
| Transfers | - | - | - | 29 | - | (29) | - | - | - | - |
| Additions | - | 255 | 150 | 234 | - | - | - | 2,728 | 150 | 3,217 |
| Disposals | - | - | - | (12) | - | - | - | - | - | (12) |
| Depreciation | (26) | (5) | (169) | (167) | - | - | (342) | (346) | (537) | (518) |
| **Closing balance** | **225** | **251** | **251** | **270** | **-** | **-** | **2,061** | **2,403** | **2,537** | **2,924** |

**Note:** (a) As a result of a change in FRD 104 *Leases* effective for reporting periods from 30 June 2026, right-of-use assets are measured at cost for reporting period 2026. The comparative information for reporting period 2025 is not restated and is reported at the previously determined fair value. For further information, refer to Note 8.2.

## 4.2 Intangible assets

| | 2026 *($'000)* | 2025 *($'000)* |
|---|---|---|
| Capitalised software development | 765 | 765 |
| Less: accumulated amortisation | (719) | (592) |
| **Total capitalised software development** | **46** | **173** |
| **Reconciliations of carrying amounts** | | |
| **Capitalised software development** | | |
| **Carrying amount at the start of the year** | **173** | **350** |
| Additions | - | 16 |
| Amortisation expense (Note 4.1.2) | (127) | (193) |
| **Carrying amount at the end of the year** | **46** | **173** |

**Initial recognition**

**Purchased intangible assets** are initially recognised at cost. When the recognition criteria in AASB 138 *Intangible Assets* is met, internally generated intangible assets are recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses

Depreciation and amortisation begin when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

An **internally generated intangible asset** arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated, including:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale
- an intention to complete the intangible asset and use or sell it
- the ability to use or sell the intangible asset
- the intangible asset will generate probable future economic benefits
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

**Subsequent measurement**

Intangible produced assets with finite useful lives are amortised as an 'expense from transactions' on a straight-line basis over their useful lives. Produced intangible assets have useful lives of between three and five years.

**Impairment of intangible assets**

Intangible assets with finite useful lives are tested for impairment whenever an indication of impairment is identified.

# 5. OTHER ASSETS AND LIABILITIES

## Introduction

This note sets out those other assets and liabilities that arise from LHA's operations.

## Structure


**5.1** Other assets

**5.1.1** Receivables
**5.1.2** Impairment loss

**5.2** Other liabilities

**5.2.1** Payables

**5.3** Contract liabilities

**5.4** Other non-financial assets


## 5.1 Other assets

### 5.1.1 Receivables

Receivables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a financial asset or liability in the Balance Sheet.

| | 2026 *($'000)* | 2025 *($'000)* |
|---|---|---|
| **Contractual** | | |
| Other receivables | 220 | 228 |
| **Statutory** | | |
| Regulatory licence fees | 458 | 872 |
| Allowance for impairment losses | (26) | (148) |
| GST receivables | 91 | 49 |
| **Total receivables** | **743** | **1,001** |
| **Represented by:** | | |
| Current receivables | 743 | 1,001 |

Contractual receivables are classified as financial instruments and categorised as 'financial assets at amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. LHA holds the contractual receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method, less any impairment.

Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes. LHA applies AASB 9 *Financial Instruments* for initial measurement of the statutory receivables and, as a result, statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.

### 5.1.2 Impairment loss

| | Notes | 2026 ($'000) | 2025 ($'000) |
|---|---|---|---|
| **Impairment loss** | | | |
| Impairment loss on statutory receivables | 3.3 | (779) | (734) |

In accordance with FRD 114 *Financial Instruments*, all entities shall apply the simplified approach, which requires the loss allowance to always be measured at an amount equal to lifetime expected credit losses for all trade receivables and statutory receivables.

The loss allowances for receivables are based on assumptions about risk of default and expected loss rates. The expected loss rates applied as at 30 June 2026 are 20 per cent for receivables that are 91 to 120 days past due and 100 per cent for receivables that are more than 120 days past due (30 June 2025 – 100 per cent).

**Impairment of financial assets**

LHA records the allowance for expected credit loss for the relevant financial instruments applying AASB 9's Expected Credit Loss approach. LHA's contractual receivables and statutory receivables are subject to AASB 9 impairment assessment.

**Contractual receivables at amortised cost**

LHA applies the AASB 9 simplified approach for all contractual receivables to measure expected credit losses using a lifetime expected loss allowance based on the assumptions about risk of default and expected loss rates. No loss allowance has been recognised.

**Statutory receivables at amortised cost**

The statutory receivables are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As the result, the loss allowance recognised for these financial assets during the period was limited to 12 months of expected losses. LHA has grouped contractual receivables on shared credit risk characteristics and days past due and select the expected credit loss rate based on LHA's past history, existing market conditions, as well as forward looking estimates at the end of the financial year.

## 5.2 Other liabilities

### 5.2.1 Payables

Payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Balance Sheet.

| | 2026 ($'000) | 2025 ($'000) |
|---|---|---|
| **Contractual payables** | | |
| Trade payables | 488 | 88 |
| Accrued expenses | 810 | 771 |
| **Total payables** | **1,298** | **859** |
| **Represented by:** | | |
| Current payables | 1,298 | 859 |

Payables consist of:

- **Contractual payables:** classified as financial instruments and measured at amortised cost. Trade payables and accrued expenses represent liabilities for goods and services provided to LHA prior to the end of the financial year that are unpaid.
- **Statutory payables:** recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

Payables for supplies and services have an average credit period of 30 days.

## 5.3 Contract liabilities

| | 2026 *($'000)* | 2025 *($'000)* |
|---|---|---|
| Current contract liabilities | 5,880 | 5,721 |
| Non-current contract liabilities | 9,030 | 4,795 |
| **Total contract liabilities** | **14,910** | **10,516** |

AASB 15 *Revenue from Contracts with Customers* is applicable to application fee revenue received by LHA. LHA has treated application fees received as a contract from customers. The contract has a fixed duration and can be terminated or modified by either party. The duration of the contract is the period for which the licence holder has present enforceable rights and obligations, that being the licence term (to a maximum of three years). LHA will assess the application and grant or refuse a licence based on pre-determined criteria. During the licence period LHA will monitor and assess the suitability of the applicant against this criteria during the licence term. During the licence period if the licence is cancelled under S40 or S41 of the *Labour Hire Licensing Act 2018* (Vic) the remaining fee (contract liability) is recognised in the Comprehensive Operating Statement immediately.

Regulatory application fee revenue is derived from fees payable to LHA in accordance with S24(1) (d) of the *Labour Hire Licensing Act 2018* (Vic). These fees are recognised over the period of the licence as the licence-holder consumes the benefit of the licence pursuant to AASB 15. Contract liabilities represent the portion of Application Fees received for which LHA has an obligation to fulfil future commitments.

## 5.4 Other non-financial assets

| | 2026 *($'000)* | 2025 *($'000)* |
|---|---|---|
| **Current other non-financial assets** | | |
| Prepayments | 456 | 100 |
| **Total current other non-financial assets** | **456** | **100** |

Other non-financial assets include prepayments, which represent payments in advance of receipt of goods or services, or the payments made for services covering a term extending beyond the reporting period.

# 6. HOW WE FINANCED OUR OPERATIONS

## Introduction

This note provides information on the balances related to the financing of LHA, including financial commitments at year-end. LHA's recurrent operations are generally financed from cash flows from operating activities (see Cash Flow Statement).

## Structure


**6.1** Borrowings

**6.1.1** Interest expense

**6.2** Leases

**6.2.1** Right-of-use assets

**6.2.2** Recognition and measurement of leases as a lessee

**6.3** Cash flow information and balances

**6.3.1** Reconciliation of net result for the period to cash flow from operating activities


## 6.1 Borrowings

| | 2026 *($'000)* | 2025 *($'000)* |
|---|---|---|
| **Current borrowings** | | |
| Lease liabilities | 306 | 281 |
| **Total current borrowings** | **306** | **281** |
| **Non-current borrowings** | | |
| Lease liabilities | 1,940 | 2,232 |
| **Total non-current borrowings** | **1,940** | **2,232** |
| **Total borrowings** | **2,246** | **2,513** |

'Borrowings' refer to interest-bearing liabilities mainly raised from lease liabilities.

Borrowings are classified as financial instruments. Interest-bearing liabilities are classified at amortised cost and recognised at the fair value of the consideration received less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest rate method.

**Terms and conditions of borrowings** **Maturity dates**

| | Weighted average interest rate % | Carrying amount | Nominal amount | Less than 1 month | 1–3 months | 3 months –1 year | 1–5 years | 5+ years |
|---|---|---|---|---|---|---|---|---|
| **2026** | | | | | | | | |
| Lease liabilities | 4.26% | 2,246 | 2,577 | 33 | 67 | 300 | 1,718 | 459 |
| **Total** | | **2,246** | **2,577** | **33** | **67** | **300** | **1,718** | **459** |
| **2025** | | | | | | | | |
| Lease liabilities | 4.27% | 2,513 | 2,952 | 32 | 65 | 291 | 1,645 | 919 |
| **Total** | | **2,513** | **2,952** | **32** | **65** | **291** | **1,645** | **919** |

### 6.1.1 Interest expense

| | 2026 *($'000)* | 2025 *($'000)* |
|---|---|---|
| Interest expense on lease liabilities | 106 | 117 |
| **Total interest expense** | **106** | **117** |

'Interest expense' includes costs incurred in connection with the borrowing of funds and includes interest on bank overdrafts and short-term and long-term borrowings, interest component of lease repayments and the increase in financial liabilities and non-employee provisions due to the unwinding of discounts to reflect the passage of time.

Interest expense is recognised in the period in which it is incurred.

## 6.2 Leases

### 6.2.1 Right-of-use assets

LHA leases office premises at the Galkangu (GovHub) in Bendigo and an office premises in Melbourne as well as one motor vehicle. The lease contracts are typically made for fixed periods of 1–4 years with an option to renew the lease after that date.

Right-of-use assets are presented in Note 4.1.1.

### 6.2.2 Recognition and measurement of leases as a lessee

For any new contracts entered into, LHA considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition LHA assesses whether the contract meets three key evaluations:

- whether the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to LHA and for which the supplier does not have substantive substitution rights;
- whether LHA has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract and LHA has the right to direct the use of the identified asset throughout the period of use; and
- whether LHA has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

**Lease liability – initial measurement**

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or LHA's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments) less any lease incentive receivable
- variable payments based on an index or rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee
- payments arising from purchase and termination options reasonably certain to be exercised.

**Lease liability – subsequent measurement**

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

**Presentation of right-of-use assets and lease liabilities**

LHA presents right-of-use assets as 'property, plant and equipment' (refer to Note 4.1). Lease liabilities are presented as 'borrowings' in the Balance Sheet (refer to Note 6.1).

**Future lease payments**

**Minimum future lease payments [a]**

| | 2026 *($'000)* | 2025 *($'000)* |
|---|---|---|
| Not longer than 1 year | 400 | 388 |
| Longer than 1 year but not longer than 5 years | 1,718 | 1,645 |
| Longer than 5 years | 459 | 919 |
| **Minimum future lease payments** | **2,577** | **2,952** |
| Less future finance charges | (331) | (439) |
| **Present value of minimum lease payments** | **2,246** | **2,513** |

Note: (a) Minimum future lease payments include the aggregate of all base payments and any guaranteed residual.

## 6.3 Cash flow information and balances

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank. LHA's bank accounts are held in the Central Banking System (CBS) under the *Standing Directions 2018*.

| | 2026 *($'000)* | 2025 *($'000)* |
|---|---|---|
| Total cash and deposits disclosed in the Balance Sheet [a] | 42,000 | 39,302 |
| **Balance as per Cash Flow Statement** | **42,000** | **39,302** |

Note: (a) Cash and deposits bear variable interest rate with a weighted average interest rate of 3.97% during 2025-26.

### 6.3.1 Reconciliation of net result for the period to cash flow from operating activities

| | 2026 *($'000)* | 2025 *($'000)* |
|---|---|---|
| **Net result for the period** | **(2,858)** | **1,384** |
| **Non-cash movements** | | |
| Depreciation and amortisation | 664 | 711 |
| (Gain)/loss on disposal of assets | - | 12 |
| | (2,194) | 2,107 |
| **Movements in assets and liabilities** | | |
| Decrease/(increase) in receivables | 258 | (57) |
| Decrease/(increase) in other non-financial assets | (356) | 1 |
| (Decrease)/increase in payables | 439 | 85 |
| (Decrease)/increase in contract liabilities | 4,394 | (2,077) |
| (Decrease)/increase in employee benefits | 574 | 521 |
| **Net cash inflows from operating activities** | **3,115** | **580** |

Cash flows arising from operating activities are disclosed inclusive of GST.

# 7. FINANCIAL INSTRUMENTS, CONTINGENCIES AND VALUATION JUDGEMENTS

## Introduction

It is often necessary for LHA to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section presents information on LHA's financial instruments, contingent assets and liabilities.

## Structure

**7.1** Financial instruments specific disclosures

**7.1.1** Financial instruments - Net gain/(loss) on financial instruments by category

**7.2** Contingent assets and contingent liabilities

## 7.1 Financial instruments specific disclosures

**Introduction**

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Due to the nature of LHA's activities, certain financial assets and financial liabilities arise under statute rather than a contract (i.e. taxes). Such assets and liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*.

**Categories of financial assets**

***Financial assets at amortised cost***

Financial assets are measured at amortised costs if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by LHA to collect contractual cash flows
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest rate method less any impairment.

LHA recognises the following assets in this category:

- cash and deposits
- receivables (excluding statutory receivables).

***Derecognition of financial assets***

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar assets) is derecognised when:

- the rights to receive cash flows from the asset have expired
- LHA retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement
- LHA has transferred its rights to receive cash flows from the asset and either:
    - has transferred substantially all the risks and rewards of the asset; or
    - has neither transferred nor retained substantially all risks and rewards of the asset, but has transferred control of the asset.

Where LHA has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of LHA's continuing involvement in the asset.

**Categories of financial liabilities**

***Financial liabilities at amortised cost***

Financial liabilities measured at amortised cost are initially recognised on the date they originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the profit and loss over the period of the interest-bearing liability, using the effective interest rate method. LHA recognises the following liabilities in this category:

- payables (excluding statutory payables)
- borrowings (including lease liabilities).

***Derecognition of financial liabilities***

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an 'other economic flow' in the Comprehensive Operating Statement.

**7.1.1 Financial instruments - Net gain/(loss) on financial instruments by category**

| 2025-26 | Carrying amount *($'000)* | Net gain/(loss) *($'000)* | Total interest income/ (expense) *($'000)* | Fee income/ (expense) *($'000)* | Impairment loss *($'000)* |
|---|---|---|---|---|---|
| **Financial assets at amortised cost** | | | | | |
| Cash and deposits | 42,000 | - | 1,470 | - | - |
| Trade receivables [(a)] | 220 | - | - | - | - |
| **Total financial assets at amortised cost** | **42,220** | **-** | **1,470** | **-** | **-** |
| **Financial liabilities at amortised cost** | | | | | |
| Trade payables [(a)] | 1,298 | - | - | - | - |
| **Borrowings** | | | | | |
| Lease liabilities | 2,246 | - | (106) | - | - |
| **Total contractual financial liabilities** | **3,544** | **-** | **(106)** | **-** | **-** |

Note: (a) The total amounts disclosed here exclude statutory amounts (e.g. GST input tax credit recoverable and taxes payable).

| 2024-25 | Carrying amount *($'000)* | Net gain/(loss) *($'000)* | Total interest income/ (expense) *($'000)* | Fee income/ (expense) *($'000)* | Impairment loss *($'000)* |
|---|---|---|---|---|---|
| **Financial assets at amortised cost** | | | | | |
| Cash and deposits | 39,302 | - | 1,606 | - | - |
| Trade receivables [(a)] | 228 | - | - | - | - |
| **Total financial assets at amortised cost** | **39,530** | **-** | **1,606** | **-** | **-** |
| **Financial liabilities at amortised cost** | | | | | |
| Trade payables [(a)] | 859 | - | - | - | - |
| **Borrowings** | | | | | |
| Lease liabilities | 2,513 | - | (117) | - | - |
| **Total contractual financial liabilities** | **3,372** | **-** | **(117)** | **-** | **-** |

Note: (a) The total amounts disclosed here exclude statutory amounts (e.g. GST input tax credit recoverable and taxes payable).

## 7.2 Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the Balance Sheet, but are disclosed and, if quantifiable, are measured at nominal value.

There were no material contingent assets or liabilities at 30 June 2026 (30 June 2025: $nil).

# 8. OTHER DISCLOSURES

## Introduction

This note includes additional material disclosures required by accounting standards or otherwise, for the understanding of this financial report.

## Structure


**8.1** Other economic flows included in net result

**8.2** Changes in accounting policy

**8.2.1** Right-of-use assets

**8.3** Responsible persons

**8.4** Remuneration of executives

**8.5** Related parties

**8.6** Remuneration of auditors

**8.7** Subsequent events


## 8.1 Other economic flows included in net result

Other economic flows are changes in the volume of value of an asset or liability that do not result from transactions.

| | 2026 *($'000)* | 2025 *($'000)* |
|---|---|---|
| **Net gain/(loss) on non-financial assets** | | |
| Net gain/(loss) on disposal of property, plant and equipment | - | (12) |
| **Total net gain/(loss) on non-financial assets** | **-** | **(12)** |

Net gain/(loss) on non-financial assets includes unrealised and realised gains/(losses) from disposal of all non-financial assets.

## 8.2 Changes in accounting policy

### 8.2.1 Right-of-use assets

LHA has made a change in accounting policy to change the measurement basis from the revaluation model to the cost model for the subsequent measurement of right-of-use assets arising from market leases, in accordance with the updated requirements under FRD 104.

Previously, LHA had measured all right-of-use assets arising from market leases using the revaluation model under AASB 13. Following the change in accounting policy, LHA will measure all right-of-use assets using the cost model. Right-of-use assets measured using the cost model are held at cost less accumulated depreciation and impairment and any adjustments for remeasurement of lease liability. Periodic revaluations are not required; however, the cost model requires annual impairment assessments in accordance with AASB 136.

Upon adoption of the cost model, LHA has applied a modified retrospective approach. The approach takes the right-of-use asset's carrying amounts recorded under the revaluation model as at 30 June 2025 as the right-of-use asset's opening balances on application of the cost model.

Accordingly, the comparative information presented is not restated and is reported at the previously determined fair value.

**Impacts on financial statements**

On transition to the cost model, there was no impact on LHA's financial statements. No impairment was identified by LHA for the right-of-use asset held as at 30 June 2026.

## 8.3 Responsible persons

In accordance with the Ministerial Directions issued by the Minister for Finance under the *Financial Management Act 1994* (FMA), the following disclosures are made regarding responsible persons for the reporting period.

The persons who held the positions of Ministers and Accountable Officers in LHA are as follows:

| Name | Title | Period of appointment | |
|---|---|---|---|
| | | From | To |
| The Hon. Jaclyn Symes MP | Minister for Industrial Relations | 01 Jul 2025 | 30 Jun 2026 |
| Steve Dargavel | Labour Hire Licensing Commissioner | 01 Jul 2025 | 30 Jun 2026 |

**Remuneration**

Remuneration received or receivable by the Accountable Officer in connection with the management of LHA during the reporting period was in the range: $390,000 – $399,999 (2025: $370,000 – $379,999).

## 8.4 Remuneration of executives

The number of senior executive service members, other than Ministers and Accountable Officers, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalents provides a measure of full time equivalent executive officers over the reporting period.

Remuneration comprises employee benefits (as defined in AASB 119 *Employee Benefits*) in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered. Accordingly, remuneration is determined on an accrual basis.

| | 2026 *($'000)* | 2025 *($'000)* |
|---|---|---|
| *Remuneration of the senior executive service (including Key Management Personnel disclosed in Note 8.5)*[(a)] | | |
| Total remuneration [(a)] | 905 | 868 |
| Total number of executives | 3 | 4 |
| Total annualised employee equivalents [(b)] | 3.0 | 3.0 |

**Notes** (a) The total number of senior executive members includes persons who meet the definition of Key Management Personnel (KMP) of the entity under AASB 124 *Related Party Disclosures* and are also reported within the related parties note disclosure (Note 8.5).

(b) Annualised employee equivalent is based on the time fraction worked over the reporting period.

## 8.5 Related parties

LHA is a wholly owned and controlled entity of the State of Victoria.

Related parties of LHA include:

- All key management personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over).
- All Cabinet Ministers and their close family members.
- All departments and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

All related party transactions have been entered into on an arm's length basis.

Key management personnel (KMP) of LHA include the Portfolio Ministers, the Hon. Jaclyn Symes MP, the Commissioner, Steve Dargavel, and members of the Senior Executive Team, which includes:

- Chief Operating Officer, Michelle Osborne
- Director Intelligence, Compliance and Enforcement, Erin Barlow
- Director Regulatory Operations, Peter Cozens.

**Remuneration of key management personnel**

The compensation detailed below excludes the salaries and benefits the Portfolio Minister receives. The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968* and is reported within the State's Annual Financial Report.

| | **2026** *($'000)* | **2025** *($'000)* |
|---|---|---|
| Compensation of KMPs [(a)] | | |
| **Total** | **1,302** | **1,240** |

Note: (a) Note that KMPs are also reported in the disclosure of remuneration of executive officers (Note 8.4).

**Transactions and balances with key management personnel and other related parties**

Given the breadth and depth of State government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occurs on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Purchasing Board requirements.

Outside of normal citizen type transactions with LHA, there were no related party transactions that involved key management personnel, their close family members and their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

## 8.6 Remuneration of auditors

Auditors remuneration for auditing the financial statements of LHA excluding GST for 2025–26 has been set at $50,200 (2024–25 was $43,000) by the Victorian Auditor-General Office (VAGO). No other benefits were received or are receivable by VAGO.

## 8.7 Subsequent events

There have been no matters and/or circumstances that have arisen since the end of the reporting period which significantly affect or may significantly affect the operations of LHA, the results of those operations, or the state of affairs of LHA in future financial years.



# 6. Disclosure index

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| Direction | Disclosure | Page reference |
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| *Public Interest Disclosure Act 2012* | | 61 |
| *Carers Recognition Act 2012* | | 61 |
| *Disability Act 2006* | | 61 |
| *Local Jobs Act 2003* | | 58 |




# 7. Reference data

## DATA SUMMARY – as at 30 June 2026

| | |
|---|---|
| Total applications lodged with LHA | 11,650 |
| Total licences granted by LHA | 10,287 |
| Total current licences | 5,655 |

## Licensing data – 1 July 2025 to 30 June 2026

| | |
|---|---|
| New licence applications made | 1,098 |
| New licences granted | 916 |
| New licences granted with conditions | 158 |
| New licences granted without conditions | 758 |
| Licences refused | 114 |
| Licence applications withdrawn | 57 |
| Licence renewal applications made | 1,938 |
| Licence renewals granted | 1,711 |
| Licence renewals granted with conditions | 18 |
| Licence renewals granted without conditions | 1,693 |
| Licence renewals refused | 11 |
| Licence renewal applications withdrawn | 11 |
| Licence variation applications made | 323 |
| Licence variations granted | 294 |
| Licences suspended | 0 |
| Notices of intention to refuse issued | 215 |
| Warnings issued | 18 |
| Notices of intention to cancel (show cause notices) issued | 731 |
| Total licences cancelled | 694 |
| Licences cancelled by LHA | 220 |
| Licences cancelled on request* | 474 |
| Objections received against applications for a labour hire licence | 0 |
| Special Circumstances applications made | 4 |
| Special Circumstances applications granted | 2 |
| Special Circumstances applications refused | 0 |
| Special Circumstances applications were invalid (incomplete) | 0 |
| Annual reports lodged | 3,200 |

***Note:** a number of requests to cancel follow investigations and/or formal notices issued to licence holders

## Enquiries data – 1 July 2025 to 30 June 2026

| | |
|---|---|
| Telephone calls received by our general enquiries line | 7,479 |
| Live calls | 4,775 |
| Call backs | 2,338 |
| % of phone calls from labour hire providers | 92% |
| % of phone calls concerning the application process | 35% |
| % of phone calls about fees | 12.6% |
| % of phone calls resolved by LHA | 99% |
| % of calls referred to other agencies | 0.43% |
| Problems reported in the LHA Report a Problem form | 427 |
| Emails received by our enquiries mailbox | 7,913 |
| Emails sent from our enquiries mailbox | 8,003 |
| Requests for information sent to applicants and licence holders | 3,268 |
| Notifications sent to providers (including final warnings, cancellation, refusal, and suspension notices) | 1,077 |

## LHA compliance and enforcement activities – 1 July 2025 to 30 June 2026

| | |
|---|---|
| Investigations finalised | 291 |
| Matters remain under current investigation | 249 |
| Number of field activities | 223 |

## Common compliance and enforcement issues – 1 July 2025 to 30 June 2026

| | |
|---|---|
| Prohibited conduct – Unlicensed providers | 254 |
| Labour hire industry laws – Fit and proper person, compliance with conditions, notification of changes | 180 |
| Fit and proper person | 72 |
| Labour hire industry laws | 57 |
| Compliance with licence conditions | 23 |
| Notify of certain / prescribed changes | 28 |
| Other laws – Tax, superannuation, workers compensation, migration, accommodation | 178 |
| Superannuation laws | 51 |
| Taxation laws | 65 |
| Transport laws | 1 |
| Migration laws | 36 |
| Accommodation standards | 23 |
| Workers' compensation | 2 |
| Workplace laws – Underpayment | 133 |
| Prohibited conduct – Engaging unlicensed provider, advertising without a licence, avoidance | 50 |
| Prohibited conduct – Advertising without a licence | 23 |
| Prohibited conduct – Engaging unlicensed provider | 24 |
| Prohibited conduct – Avoidance arrangement | 3 |

| | |
|---|---|
| Workplace laws – Cash payments | 77 |
| Workplace laws – Payslips and records, LSL, IFAs, deductions | 68 |
| Workplace laws – Payslips and employee records | 39 |
| Workplace laws – Long Service Leave | 19 |
| Workplace laws – Deductions | 8 |
| Workplace laws – Individual flexibility arrangements (IFAs) | 1 |
| Apprentices / trainees | 1 |
| Workplace laws - Sham contracting | 60 |
| Occupational Health and Safety (OHS) | 61 |
| OHS – Bullying, harassment and discrimination | 23 |
| OHS – Induction | 5 |
| OHS – Personal Protective Equipment (PPE) | 4 |
| OHS – Other | 29 |
| Inspection offences | 46 |
| Provide incorrect, false or misleading information | 29 |
| Comply with a notice to produce | 8 |
| Make documents available for inspection | 1 |
| Offences – LHA inspections and investigations | 2 |
| Make Nominated Officer available | 5 |
| Failure to provide Director identification | 1 |

## Communications and engagement data - 1 July 2025 to 30 June 2026

| | |
|---|---|
| Mentions of LHA in news media | 690 |
| Stakeholder engagement activities | 72 |
| LHA website – number of visits | 222,421 |
| LHA news monthly e-newsletter – number of subscribers at 30 June | 14,429 |

| Labour hire providers by industry – as at 30 June 2026 | # | % |
|---|---|---|
| Cleaning | 1932 | 34.16% |
| Professional, scientific & technical services (including IT) | 1158 | 20.48% |
| Construction | 651 | 11.51% |
| Health care & social assistance | 578 | 10.22% |
| Providers with no associated industry | 399 | 7.06% |
| Security, public administration & safety | 508 | 8.98% |
| Manufacturing (other) | 455 | 7.87% |
| Administrative & support services | 422 | 7.82% |
| Horticulture | 362 | 6.40% |
| Transport, postal & warehousing | 458 | 8.10% |
| Agriculture | 356 | 6.30% |
| Information media & telecommunications | 355 | 5.92% |
| Financial & insurance services | 284 | 5.02% |
| Education & training | 257 | 4.54% |
| Other services (including repair & maintenance, person & other services) | 266 | 4.70% |
| Electricity, gas, water & waste services | 244 | 3.96% |
| Retail trade | 165 | 2.92% |
| Hospitality | 176 | 3.11% |
| Meat manufacturing & processing | 145 | 2.56% |
| Mining | 114 | 2.02% |
| Accommodation & food services | 101 | 1.79% |
| Wholesale trade | 92 | 1.63% |
| Arts & recreation services | 76 | 1.34% |
| Rental hire & real estate services | 56 | 0.99% |

**Note:** We gather this information from labour hire providers that are asked to list the top industries they provide workers to and must declare if they provided workers to the prescribed industries of horticulture, meat manufacturing and processing, poultry processing and cleaning in commercial premises. Providers may nominate multiple industries. Other measures may be used to determine the proportional coverage of labour hire in Victoria.

| Other statistics – as at 30 June 2026 | |
|---|---|
| Number of providers that supply transportation to labour hire workers | 435 |
| Number of providers that do not supply transportation to labour hire workers | 5,220 |
| Number of providers that supply accommodation to labour hire workers | 179 |
| Number of providers that do not supply accommodation to labour hire workers | 5,476 |
| Number of providers that supply workers with visas to hosts | 1,700 |
| Number of providers that do not supply workers with visas to hosts | 3,955 |

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**Labour Hire Authority**
PO Box 393
Bendigo Victoria 3552

**T:** 1300 545 200
**W:** labourhireauthority.vic.gov.au

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**Phone**
1300 545 200

**Postal Address**
Labour Hire Authority
PO Box 393
Bendigo VIC 3552

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