

# 2023-24 security industry guidance: cost of meeting your legal obligations

This guidance material is intended to:

- educate providers in the security industry about the cost of meeting your **minimum** legal obligations for workers, and
- explain how the Labour Hire Authority (LHA) assesses the risk of non-compliance with minimum legal obligations for workers.

Providers who do not comply with their legal obligations including workplace, taxation and superannuation laws may face licensing action up to and including cancellation of their labour hire licence.

**IMPORTANT NOTE:** This guidance material is **not** a guide for how much a provider should charge a host for the supply of workers as it does **not** account for variables that affect cost such as roster structures, higher classifications of workers, overtime penalty rates etc. Further, it does **not** incorporate additional expenses a business may incur when supplying workers (described on page 2).

## COST OF MEETING YOUR MINIMUM LEGAL OBLIGATIONS

Providers operating in the security industry who are covered by the *Security Services Industry Award 2020* (Award) will incur the following costs to meet their **minimum** legal obligations for workers:

### Level 1 permanent (full-time or part time) employee

	Monday to Friday, 6am to 6pm	Monday to Friday, 6pm to 6am	Saturday	Sunday	Public holiday
Hourly rate	\$25.27	\$30.75	\$37.91	\$50.54	\$63.18
Annual leave (8.6957%)	\$2.20	\$2.67	\$3.30	\$4.39	\$2.20
Personal/carer's leave (4.3478%)	\$1.10	\$1.34	\$1.65	\$2.20	\$1.10
Superannuation (11%)	\$3.14	\$3.82	\$4.71	\$6.28	\$7.31
Portable LSL levy (1.8%)	\$0.51	\$0.63	\$0.77	\$1.03	\$1.20
WorkCover insurance (3.767%)	\$1.19	\$1.45	\$1.79	\$2.39	\$2.78
<b>Total (exclusive of GST)</b>	<b>\$33.41</b>	<b>\$40.66</b>	<b>\$50.13</b>	<b>\$66.83</b>	<b>\$77.77</b>



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**Level 1 casual employee**

	Monday to Friday, 6am to 6pm	Monday to Friday, 6pm to 6am	Saturday	Sunday	Public holiday
Hourly rate (including 25% casual loading)	\$31.59	\$37.07	\$44.22	\$56.86	\$69.49
Superannuation (11%)	\$3.47	\$4.08	\$4.86	\$6.25	\$7.64
Portable LSL levy (1.8%)	\$0.57	\$0.67	\$0.80	\$1.02	\$1.25
WorkCover insurance (3.767%)	\$1.32	\$1.55	\$1.85	\$2.38	\$2.91
<b>Total (exclusive of GST)</b>	<b>\$36.95</b>	<b>\$43.37</b>	<b>\$51.73</b>	<b>\$66.51</b>	<b>\$81.29</b>

**Additional expenses you may incur**

There are other costs providers may incur when supplying workers. You should seek professional advice about your obligations if you are unsure whether they apply to you.

These expenses will vary between businesses but may include:

**Payroll tax**

Payroll tax is payable to the State Revenue Office (SRO) by employers whose [wages](#) exceed \$58,333 per month or \$700,000 per financial year in 2023-24. Payroll tax is 4.85% of the total wages bill for metropolitan employers and 1.2125% for regional employers.

From 1 January 2022, businesses whose wages bill exceed the first annual threshold of \$10 million, with a first monthly threshold of \$833,333 must additionally pay a [mental health and wellbeing surcharge](#).

**Additional employee entitlements**

This might include paid time for inductions and training, allowances, overtime penalties, paid time for public holidays not worked, 17.5% annual leave loading and an additional week of annual leave for certain shift workers. Other forms of paid leave may also apply.

**Other overheads**

This might include equipment (such as phones, tablets, computers, motor vehicles), uniforms, public liability insurance, compliance costs including private security and labour hire licence/registration fees, ASIC fees, office rent and utilities, office staff wages and other related expenses, legal, bookkeeping and accountant fees.

**HOW DOES LHA USE INFORMATION ABOUT PROVIDERS' CONTRACT PRICES?**

Providers are free to enter into arrangements with hosts, intermediaries and subcontractors as they see fit.

However, where a provider's common practice is to provide security guards at contract prices below the minimum costs of meeting legal obligations including wages, superannuation, leave entitlements, portable long service leave (LSL) levy and workers' compensation insurance, there is an increased risk that the provider (and/or another party in the supply chain) is not complying with these obligations.

In these circumstances, LHA may look more closely at your business records to assess compliance with these legal obligations.

Where actual non-compliance with legal obligations is found, or where there is a high risk of non-compliance with legal obligations within a supply chain, it could result in:

- education and/or warnings being issued to licence holders,
- conditions being imposed on licences, or
- licence suspension or cancellation.

## USING LICENCE CONDITIONS TO IMPROVE TRANSPARENCY AND RESPONSIBILITY

‘Subcontracting’, or the provision of labour hire services through complex supply chains, is a common way of doing business in the security industry. While subcontracting is a legitimate practice, it can create a lack of transparency and result in ‘legal distance’ between workers and businesses in complex supply chains. This means that the risk of non-compliance is inherently greater. In addition, this practice is sometimes abused by unscrupulous businesses.

As part of its approach to subcontracting, LHA uses licence conditions to:

- improve transparency of complex supply chains, and
- increase responsibility for compliance with legal obligations for workers supplied through these arrangements.

### Transparency conditions

LHA uses **supply chain transparency licence conditions** (transparency conditions):

- where a provider engages a high volume of subcontractors, **or**
- in conjunction with supply chain responsibility licence conditions (below).

The transparency conditions require the licence holder to provide regular information to LHA about its subcontracting activities.

When used on their own, the transparency conditions give LHA additional visibility so that it can more effectively regulate the provision of labour hire services by subcontractors through such arrangements. This condition aligns with the object of the *Labour Hire Licensing Act 2018* (Vic) (Act) to improve the transparency of the labour hire industry.

### Responsibility conditions

Where LHA finds non-compliance with legal obligations, or a provider’s arrangements with its subcontractors create risk of non-compliance with minimum legal obligations, **supply chain responsibility licence conditions** (responsibility conditions) may be used in addition to the transparency conditions.

The responsibility conditions require providers to genuinely assess whether the amount they propose to pay to their subcontractors for the supply of security guards will reasonably allow the subcontractors to comply with minimum legal obligations. This genuine assessment must be in writing, and a copy must be submitted to LHA.

If a provider continues to enter into/remains party to arrangements with subcontractors that create risk of non-compliance, and LHA becomes aware that workers are being exploited through these arrangements, then this may lead to more serious consequences including licence cancellation.

This condition aligns with the objects of the Act to protect workers from exploitation and improve the integrity of the labour hire industry.

## NOTES

<b>Pay rate</b>	Hourly rates of pay are current as of 1 July 2023. The Monday to Friday night rate is based on the non-permanent night worker rate. A higher penalty rate applies for permanent night workers.
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	<p>Award wage rates are reviewed annually, and any increases will usually apply from 1 July each year.</p> <p><b>IMPORTANT:</b> the figures in the tables are based on a Level 1 (base level) classification only. Workers may be entitled to be paid at a higher classification in your business.</p>
<p><b>Annual leave</b> <b>Personal/carer's leave</b></p>	<p>Under the National Employment Standards (NES), full-time employees are entitled to:</p> <ul style="list-style-type: none"> <li>• 4 weeks of annual leave each year</li> <li>• 10 days of personal/carer's leave per year</li> </ul> <p>Part-time employees accrue leave on a pro-rata basis.</p>
<p><b>Superannuation</b></p>	<p>The superannuation guarantee (SG) must be paid on an employee's ordinary time earnings and while an employee is on paid leave.</p> <p>The SG rate is scheduled to progressively increase to 12% by July 2025.</p>
<p><b>Long service leave</b></p>	<p>All providers in the security industry are required to pay the portable LSL levy to the Portable Long Service Authority. The current levy is 1.8% for the security industry and is calculated on each employee's <a href="#">ordinary pay</a>.</p>
<p><b>Workers' compensation insurance</b></p>	<p>Insurance rates calculations are based on a range of factors and are employer specific. The 'Investigation and Security Services' industry rate of 3.767% as set in the <a href="#">WORKCOVER PREMIUMS ORDER (NO. 31) 2023/2024</a> by WorkSafe Victoria is used in this guidance.</p> <p>An employer's WorkCover insurance premium is calculated on their <a href="#">remuneration</a>.</p>

This guidance material has been developed in consultation with providers in the security industry and other key stakeholders.

This document is current from 1 July 2023. If you have any questions about this document or wish to provide feedback, please contact [enquiries@labourhireauthority.vic.gov.au](mailto:enquiries@labourhireauthority.vic.gov.au) or call 1300 545 200.