



Annual Report 2024-25

Making labour hire fair for
Victorian workers and businesses.



Acknowledgement of Country

The Labour Hire Authority acknowledges Aboriginal Traditional Owners of Country throughout Victoria and pays respect to their cultures and Elders past and present.

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



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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 2025.



Steve Dargavel

Labour Hire Licensing Commissioner
2 October 2025

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.

Tim Pallas MP, Minister for Industrial Relations, was the Minister responsible for LHA for the financial year 1 July 2024 to 18 December 2024. From 19 December 2024, Jaclyn Symes MP has been the Minister responsible

LHA licenses 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.

Since 2019, LHA has expanded its program of industry engagement, compliance and enforcement, growing its small and dedicated team to over 110 staff and establishing a strong track record.

Message from the Labour Hire Licensing Commissioner

I am pleased to present the *Labour Hire Authority Annual Report 2024–25*.

This year, LHA consolidated and built upon its strong regulatory track record in addressing key industries and harms, while laying important foundations for an even more impactful future.

Our compliance and enforcement program continued to achieve high-impact outcomes in high-risk industries such as horticulture, construction, meat processing, security and commercial cleaning.

Through court proceedings, joint operations with regulators and law enforcement, and targeted field activity, we removed exploitative operators, addressed a range of unlawful conduct, and intervened to protect workers.

We finish 2024–25 in a stronger position than a year prior, with

- 335 investigations finalised and 145 field activities conducted
- decisive action taken against unlawful providers, with over 600 licences refused or cancelled, high-value assets seized, and LHA's first criminal charges filed
- a record penalty of \$759,674 secured against construction companies and directors involved in unlicensed operations
- growing awareness across industry and the community, with targeted engagement and communications reaching tens of thousands of labour hire stakeholders across the year.

Finally, I acknowledge the dedication of our staff, whose commitment and professionalism underpin all our achievements. Together, we continue to build a fairer, more transparent labour hire industry for Victoria.



Steve Dargavel

Labour Hire Licensing Commissioner



Key statistics

Licensing

Total current licences (as at 30 June 2025)

5,788

New licences granted

889

Licences granted with conditions

48

Licences renewed

618

Licences renewed with conditions

9

Notices of intention to refuse issued

195

Licences refused

103

Notices of intention to cancel (show cause notices) issued

418

Total licences cancelled*

535

*(including cancelled at provider request)

Compliance and enforcement

Investigations finalised

335

Matters currently under investigation
(as at 30 June 2025)

262

Field activities conducted

145

Total penalties imposed following court hearings

\$1.566 million

Enquiries

Telephone enquiries received

7,586

LHA Report a Problem form submissions

347

Information requests sent

3,306

Emails to enquiries mailbox

6,053

Provider notifications sent

1,270

Communications and engagement

Stakeholder engagement activities –
excludes Stakeholder meetings

52

Number of attendees at Information
Sessions hosted or co-hosted by LHA

1,124

Mentions of LHA in news media

202

LHA website visits

132,000

LHA news monthly e-newsletter*

14,372

*number of subscribers as at 30 June 2025

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 LHL Act and the Regulations.

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

The year in review

The LHA Strategic Plan 2022-27 outlines the four strategic priorities that guide our regulatory, operational and organisational functions. In 2024–25, 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.**

STRATEGIC PRIORITY 1

Create and maintain a fair and lawful labour hire industry

Victoria's labour hire licensing scheme protects workers and supports compliant businesses, by creating a barrier to entry by labour hire providers who are not fit and proper, or are unwilling or unable to comply with their legal obligations.

LHA continued to improve compliance and fairness in the labour hire industry in 2024–25 by refining its licence application assessment practices to help ensure:

- only fit and proper providers (as defined in the *Labour Hire Licensing Act 2018* (Vic) (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.

LHA has identified opportunities to improve the statutory fit and proper person test to ensure it functions in accordance with objectives of the LHL Act. In late 2024, the Wilson Review¹ recommended that the LHL Act be amended to ensure that the fit and proper person test functions appropriately.

Licensing data

Since commencement in April 2019, LHA has granted a total of 9,371 labour hire licences and at 30 June 2025, 5,788 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 2024–25, we:

- received 1,088 licence applications
- granted 889 new licences
- refused to grant 103 licence applications
- granted 618 licence renewals
- refused to grant 3 licence renewals
- cancelled 535 licences for reasons such as breaching relevant laws or failing to pay annual fees.

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 provides applicants with an opportunity to provide further information.

Enquiries

In 2024–25, LHA's Enquiries team responded to 7,586 telephone enquiries, 87 per cent of which were from current or intending labour hire providers. Most telephone enquiries related to the application process (43 per cent) and the payment of fees (16 per cent).

In the same period, the Enquiries team managed 6,053 email enquiries.

CASE STUDY

Helping applicants navigate the Labour Hire Licensing Online portal

A transport and logistics company applied for a labour hire licence. One of the directors resided in Dubai and needed to undertake many activities related to the application, such as upload documents to confirm identity, make declarations that they were a fit and proper person and sign consents.

Due to the time differences and schedule of the director, the applicant tried and failed multiple times to complete the relevant forms.

Enquiries Officers organised an online meeting at a mutually convenient time where they helped the director to successfully complete the online application and upload information.

Refusing to grant a licence

Refusing licence applications is an important way LHA meets the objects of the LHL Act – to protect workers from being exploited by providers of labour hire services and to improve the transparency and integrity of the labour hire industry.

In 2024–25, LHA refused to grant a licence to 103 applicants. The most common reasons for refusals were:

- failing to meet the fit and proper person test
- failing to satisfactorily respond 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 Act.

Each of these is discussed in more detail below.

¹Formal Review into Victorian Government Bodies' Engagement with Construction Companies and Construction Unions – recommendation 3.

Failure to meet the fit and proper person test

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

A person is not fit and proper if they have been found guilty of certain indictable offences, been disqualified from managing corporations within the meaning of Part 2D of the *Corporations Act 2001* (Cth) or if they, or a body corporate of which they were an officer:

- contravened a workplace law or signed an enforceable undertaking for allegedly contravening a workplace law, a labour hire industry law or minimum accommodation standard
- have previously had their licence cancelled, suspended or revoked by LHA or by another labour hire regulator (other than at their own initiative)
- were insolvent or an externally administered company under the Corporations Act.

CASE STUDY

Protecting workers from exploitation by refusing to grant a licence to a director convicted of dishonesty offences

In a licence application from a company intending to provide workers in the horticulture industry, the director declared he was a fit and proper person.

LHA conducted a criminal history check which showed the director had been found guilty of an offence involving dishonesty, punishable by a term of imprisonment of three months or more.

The director was given an opportunity to:

- respond to LHA's preliminary decision to refuse to grant the licence
- provide further information about the context of the offending to inform decision-making.

After considering the director's response, LHA refused to exercise discretion to grant the licence because:

- the director did not show candour in disclosing the offences
- the director made false declarations in the application
- the conviction related to dishonesty offences which – although they resulted in a minor penalty – spoke to the director's character, and were further aggravated by the lack of candour during the application process
- the company intended to operate in an industry with a high risk of worker exploitation.

For these reasons, it was considered that the applicant acted without integrity and may not be honest in their dealings with LHA, placing workers at an increased risk of harm.

Failure to respond to requests for additional information

Licensing Officers sometimes require additional information when assessing a licence application. Officers may call applicants and speak to their nominated officer or send a request for additional information through the Labour Hire Licensing Online portal.

Applicants must respond to these requests to enable proper assessment. LHA refuses licence applications where applicants fail to respond satisfactorily to requests for information.

CASE STUDY

Failing to respond to requests for information

A small painting business applied for a licence to provide workers in the construction industry. The application was missing key information, including details of the applicable industrial instrument, a WorkCover certificate of currency, and worker numbers and terms of engagement.

The Licensing Officer spoke to the nominated officer to explain the application was missing information and requested this information in writing via the Labour Hire Licensing Online portal. The applicant was given 14 days to respond to the request.

The applicant asked for a 14-day extension of time to provide the information. This extension was granted; however, the applicant did not respond to the request for information.

The Licensing Officer issued a formal notice outlining LHA's intention to refuse to grant the licence because the applicant had not provided the information requested. The applicant responded but failed to provide the requested information or address the concerns outlined in the formal notice.

The application was refused.

Misclassification of workers

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

- to workers, through undercutting 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 if they are:

- engaged under an Australian Business Number (ABN)
- working as part of the labour hire provider or host's business, rather than genuinely conducting their own business
- 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 or refusing to grant a labour hire licence. Sometimes misclassification can be a genuine mistake, and applicants may not understand the meaning of 'independent contractor'.

Licensing Officers provide education to applicants intending to engage workers as independent contractors if there appears to be a risk of misclassification.

CASE STUDY

Educating licence applicants about the law to prevent worker misclassification

A company intending to operate in the horticulture industry applied for a labour hire licence. The applicant told LHA it was intending to engage workers as independent contractors to perform duties such as picking, packing, sowing, planting, cultivating and harvesting.

The Licensing Officer assessed the application and held concerns the independent contractors were incorrectly classified and should be employees because:

- the proposed duties ordinarily involve providers and/or hosts being able to exercise control over workers performing these activities (ability to set hours, set placements, give directions) which is a strong indicator of employment
- workers in the horticulture industry are particularly vulnerable to exploitation

- misclassifying employees as independent contractors is perceived/utilised by some businesses as a method of exploiting workers.

The Licensing Officer requested further information about the classification of workers and provided the applicant with education about the difference between independent contractors and employees and LHA's guide on worker classification.

In response, the applicant agreed to engage the workers as employees, meaning they were protected by the terms and conditions of the relevant Horticulture Award, received superannuation contributions and were covered by workers compensation insurance. LHA applied conditions to the licence to monitor compliance.

Four months after the licence was granted, LHA obtained information relating to all employees and contractors, including full name, job title and the industrial instrument which governs their employment. LHA also received a payroll summary report and profit and loss statement which confirmed the licence holder was not engaging any independent contractors.

In 2024–25, LHA influenced applicants to convert workers from independent contractors to employees where they were undertaking low paid work that does not require significant training or skill development in the commercial cleaning, construction, horticulture and security industries.

CASE STUDY

Educating an applicant on the use of independent contractors in the building and construction industry

A company applied for a licence to operate in the building and construction industry, intending to engage six independent contractors as general labourers.

When LHA asked the reasons for engaging these workers as independent contractors, the director said the decision was based on flexibility required due to the seasonal nature of the work. The director also advised the labourers would require their own tools and equipment and would be responsible for managing their own tax and insurance. The director stated that their pay rates meet or exceed the minimum casual rates stipulated under the Building and Construction General On-site Award. The director provided LHA with a rates table for independent contractors.

LHA identified some instances where the rates table fell below the award hourly rate, and that the table did not consider the additional costs borne by the independent contractor of paying their own superannuation, tax and insurance.

To assess concerns the arrangement may exploit workers, to ensure that the independent contractors were correctly engaged and to check if the director had considered using casual employees instead of independent contractors, LHA sought further information about:

- the level of control the labourers would have over their work, including who decides when and how the work is performed
- their ability to subcontract work to someone else
- the provision of tools and equipment
- the risk of injury and defects.

The director confirmed that the labourers were serving in the business, not carrying on their own independent business.

After discussions with LHA, the director confirmed they would now engage the workers as casual employees under the Award. The director committed to letting LHA know if it had a future need to engage an independent contractor.

LHA granted the licence with conditions which required the company to provide a statutory declaration within four months of being granted a licence, providing information about the workers, a payroll employee summary report, and profit and loss statement.

These licence conditions enable LHA to support compliance with the LHL Act.

CASE STUDY

Educating an applicant on the use of independent contractors in the commercial cleaning industry

An applicant in the commercial cleaning industry was intending to engage ten workers as independent contractors to perform general cleaning duties in offices and apartment buildings. The company stated that a mix of short-term and ongoing work was involved, and workers would be paid 'per job' at the 'market rate' at \$35 per hour and responsible for contributing to their own superannuation.

The company stated the decision to classify workers as independent contractors was based on the industry standard and the needs for flexibility.

LHA was concerned about the reasons for engaging independent contractors and held discussions with the applicant. The company director was unable to explain the tax and superannuation obligations for independent contractors who are engaged principally for their labour. LHA educated the director on the legal obligations and the risks of engaging in sham contracting. After the discussion, the director committed to engaging all ten workers as casual employees.

The role of accountants, advisers and enablers

Accountants and other advisers can play an important role in helping applicants make informed decisions. Applicants are required to make declarations as part of the application and LHA will consider whether the applicant has knowledge of the matters on which declarations have been made.

In 2024–25, 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; or
- authored business plans which the nominated officer was unable to recall or understand.

Such circumstances call into question the role of the accountant in the business and whether they are an undeclared relevant person to the application. LHA also cannot rely on the business plan to ensure the applicant will comply with relevant legal obligations where the applicant has no role in creating or understanding the business plan.

CASE STUDY

Educating accountants on the application process

An accountant phoned LHA seeking an update about the licence application for one of their clients, a company in the horticulture industry. LHA's Enquiries Officer advised the accountant that they would need to speak with the nominated officer to provide advice about an application.

When the accountant advised the nominated officer paid him to create a Labour Hire Licensing Online portal account and complete the licence application, the Enquiries Officer explained that only the nominated officer should be accessing the portal and responding to requests for information from LHA.

The Enquiries Officer told the accountant it was appropriate for them to give advice, but the application must be completed by the nominated officer, as it contains declarations and consents. The accountant said they were not aware of these requirements and would speak with the nominated officer.

This information was considered by LHA prior to deciding to grant or refuse the licence application.

Exercising discretion to grant a licence

LHA can refuse to grant a licence if an applicant has not met the application requirements, including that LHA is satisfied that each relevant person in relation to the application is a fit and proper person at the time of deciding an application.

LHA has discretion to grant a licence to an applicant that has not passed the fit and proper person test, if it is appropriate in all the circumstances. An example may arise in circumstances of rehabilitation following criminal offending.

Criminal offending can be an indicator of dishonest conduct that could increase the risk of harm to workers. When a relevant person discloses a criminal conviction, or it is otherwise discovered, when determining the outcome of an application LHA will consider the:

- nature of the offending
- risk of exploitation to workers
- impact on the integrity of the labour hire industry
- candour of the applicant in disclosing the offences.

CASE STUDY

Exercising discretion to grant a licence to a director who did not pass the fit and proper person test

An organisation applied for a licence as it wanted to expand into services which would assist disadvantaged and vulnerable workers.

The intended employment placement services would find on-the-job training and employment opportunities to help vulnerable community members, including those recently released from prison, obtain meaningful employment where they receive their lawful employee entitlements.

The director of the organisation was convicted of the criminal offence of common law assault nearly eight years ago, an offence which indicates they are not fit and proper to be granted a licence.

The decision-maker exercised discretion to grant the licence for the following reasons:

- the director showed genuine remorse and philanthropic motivation for obtaining a licence
- the director was transparent and showed candour in their interactions with LHA
- eight years had passed since the offence occurred, and there had been no further offending
- the business plan of the organisation clearly articulated how the organisation would ensure compliance with legal obligations
- the director was supported by an appropriate adviser familiar with workplace laws, minimising the risk of worker exploitation
- intelligence from other agencies was considered to raise no additional concerns.

Minimising harm to workers

In this section, we highlight three types of harm to workers that LHA seeks to minimise in its strategic priority to create and maintain a fair and lawful labour hire industry:

1. insolvency and external administration
2. wages and conditions
3. misclassifying workers.

Harm focus: Insolvency and external administration

Insolvencies of labour hire providers are a recurrent source of harm, as they often result in workers losing wages and other entitlements.

Insolvencies are also of interest to LHA even if workers are not harmed directly because external administration processes can sometimes be used by directors to avoid legal obligations.

When labour hire companies engage in non-compliant activity, they gain a competitive advantage on price over lawful industry participants. For example, a provider may be able to undercut competitors for a period of time by not making tax payments and meeting other obligations.

This damages the integrity of the labour hire industry.

CASE STUDY

Protecting workers from exploitation by refusing to grant a licence to a director of an externally administered company

A company intending to provide workers in the security, public administration and safety, and cleaning industries applied for a licence. The director of the company disclosed in the application that, in the preceding five years, they had been a director of an externally administered company.

Review of the available creditors' reports and the winding up reports showed that approximately 150 employees were affected by the administration with over \$1.3 million dollars outstanding in wages and superannuation.

An open-source intelligence search to understand the circumstances of the administration event uncovered media reporting on the use of unlicensed security guards and 'off-the-books' cash payments. LHA also identified a report from another regulator whose audit uncovered breaches of workplace law and significant cash payments which resulted in referrals to the Australian Tax Office, the State Revenue Office and the Fair Work Ombudsman.

LHA considered submissions made by the director, including their claim that external factors, including COVID-19, had adversely impacted the security business.

LHA refused to exercise discretion to grant the licence because:

- the non-compliance of the business started prior to the COVID-19 pandemic
- the director had previously been unable to meet obligations to workers
- there was an appreciable risk that these harms could recur if they were granted a labour hire licence.

When determining whether to grant a licence in circumstance of prior external administration or insolvency, LHA will take into account:

- 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 all of its relevant legal obligations including (but not limited to) workplace law, superannuation law, workers compensation law and taxation law
- whether the debts owed by the business in connection with relevant laws have been paid
- whether the business has rectified or remediated the causes of the insolvency or external administration
- what role the officers played in the insolvency or external administration event
- if arrangements were reached with creditors as part of a Deed of Company Arrangement, whether they satisfied debts owed to employee and statutory creditors secured and unsecured creditors.

While LHA may refuse a licence application where a relevant person has been an officer of a company that was insolvent or under external administration within the preceding five years, 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.

CASE STUDY

Removing an insolvent company from the industry

LHA granted a licence to a large company operating in the horticulture industry in 2023. This company was an approved employer with the Pacific Australia Labour Mobility (PALM) scheme and provided over 1,000 workers to farms and factories in Victoria.

The same year, the company entered into external administration with over \$10 million owing to the ATO and over \$3 million owing to its workers for superannuation. Although it entered into a Deed of Company Arrangement with its creditors in late 2023, the company re-entered external administration in 2024 owing more debt to its workers and other creditors.

LHA engaged with the new administrator who said that he was considering the sale of the business as a possible option for allowing the company to meet its obligations and trade out of its difficulties. However, LHA had significant concerns about this proposal, including the likelihood that workers would not receive their overdue entitlements if the business was sold.

LHA also engaged productively with officers from the PALM scheme to ensure all workers employed by the company would be redeployed to other approved employers if LHA cancelled the company's licence.

LHA proceeded to cancel the company's licence because it could not be satisfied that the company had remedied the significant issues that led to its first external administration and there was a significant risk that vulnerable workers would continue to be denied their entitlements.

Harm focus: Wages and conditions

Labour Hire employers are obliged to correctly identify the correct legal instrument underpinning their workers, such as the relevant Award or Enterprise agreement. Most employees in Australia receive above award wages and conditions. The community quite rightly expects regulators to have no tolerance for employers paying below 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 capacity of some intending labour hire providers to nominate the correct industrial instrument may indicate that workers are at risk of exploitation. 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 the worker from harm by removing onerous, excessive and unenforceable provisions.

CASE STUDY

Prompting changes to employment contracts to reflect modern award and remove restraint of trade clauses

A company applied for a licence to engage customer experience representatives in the telecommunications industry. In the application, the company advised the engagements were 'award free' and provided a copy of the employment contract and position descriptions.

On review of the application, LHA formed the view that an Award would be applicable to the positions and engaged with the Fair Work Ombudsman to confirm the relevant industrial instrument. The employment contracts were updated to reference the Telecommunications Services Award.

LHA also identified two restraint of trade clauses in the employment contracts preventing the representatives from working with another provider in the industry for 12 months, worldwide. This condition is likely to be unenforceable and was excessive and onerous based on the position description. LHA engaged with the company and it agreed to update the employment contracts and remove unlawful restraint of trade provisions.

CASE STUDY

Prompting changes to a casual agreement to protect worker entitlements

An applicant seeking to provide workers in the health care and social assistance industry provided LHA a copy of its Casual Employment Agreement.

The Licensing Officer reviewed the application and identified the Health Professionals and Support Services Award 2020 as the appropriate industrial instrument. LHA identified significant errors when comparing the applicant's agreement to the Award including:

- the minimum casual engagement period
- the exclusion of travel and broken shift allowances
- exclusion of paid leave provided for by the National Employment Standards (family and domestic violence leave entitlements)
- unlimited deductions on termination
- a rigorous post-employment restriction requiring a \$6000 payment for breach of the term.

In addition, LHA identified that some casual employees were qualified nurses and should be covered by the Nurses Award which had higher minimum rates.

In response, the applicant engaged a legal practitioner who took the following actions:

- updated the position descriptions to ensure workers were paid under the correct industrial instrument and included pay tables for workers engaged under different awards
- removed the offset clause, deductions and post-employment restrictions from the agreement
- added clauses relating to weekend rates and penalties
- provided for a minimum 4-hour engagement term; 10 days paid family and domestic violence leave; and a travel allowance of \$40 per hour.

CASE STUDY

Helping a provider to understand 'award free' engagements

A company applied for a licence to provide workers in the information technology and financial services industries. The applicant said it did not 'bind' its workers to any specific award or agreement but adhered to the minimum employment terms and conditions in the National Employment Standards.

On request for additional information about the applicable industrial instrument the applicant stated it provides 'market rates' to remain 'competitive ... fair and compliant' and provided a list of the types of workers it would provide (all professionals).

LHA explained to the applicant the circumstances where an industrial instrument applies to an employer and its employees under the *Fair Work Act 2009* (Cth), and the minimum terms and rates of pay prescribed by the industrial instrument.

Following further engagement with the Fair Work Ombudsman, the applicant confirmed its employees fall under the Professional Services Award and updated its employment practices.

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.

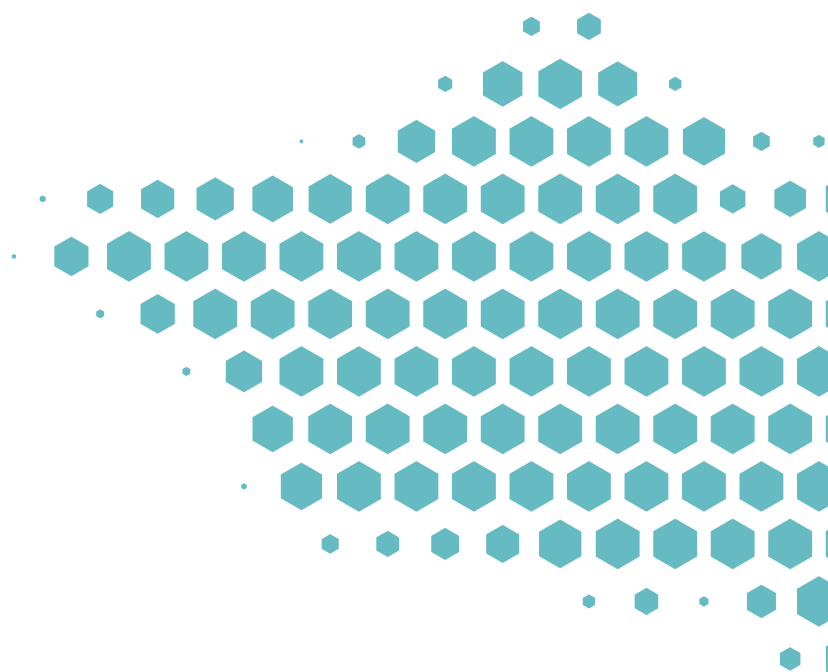
CASE STUDY

Refusing a licence for unsatisfactory response to complying with workplace laws

A company applied for a licence to provide workers in the meat manufacturing and processing industry. The company intended to engage seven workers as independent contractors to 'address labour shortages'.

LHA made oral inquiries with the applicant to determine if the relationship between the company and the workers was a genuine independent contracting arrangement. During the oral inquiry the nominated officer for the applicant was unable to explain what an independent contractor was and could not explain how the company would pay tax and ensure it is meeting its superannuation obligations. The nominated officer simply deferred to this being a matter for the accountant.

LHA decided that the applicant did not have a sufficient understanding of workplace laws or plan to ensure compliance with these laws, and this represented an unacceptable risk to workers. LHA refused to grant the licence.



STRATEGIC PRIORITY 2

Achieve high-impact compliance and enforcement outcomes

LHA has continued to achieve high impact compliance and enforcement outcomes through its Compliance and Enforcement Program, which has seen significant interventions across industries, occupations and regions. The Compliance and Enforcement Program 2024-25 focused on proactively shifting behaviour in relation to high impact harms with a specific focus on high-risk industries.

LHA has increased collaborative efforts with Commonwealth, State, Territory and Local government regulators and law enforcement agencies to detect and deal with significant non-compliance resulting in harm to workers, the labour hire industry and the community. For example, LHA became an active member of state and Commonwealth-led multi-agency taskforces established in 2024-25 to respond to the infiltration of the construction industry by organised crime. LHA also led a number of multi-agency field operations at farms in Victorian regions where there is a high risk of exploitation and non-compliance.

LHA works closely with other regulators including:

- Phoenix Taskforce
- Australian Taxation Office (ATO)
- Australian Border Force (ABF)
- Fair Work Ombudsman (FWO)
- WorkSafe
- Australian Federal Police
- Victoria Police, including its Licensing Regulation Division (LRD)
- Queensland Labour Hire Licensing and Compliance Unit
- Department of Employment and Workplace Relations – Pacific Australia Labour Mobility (PALM) scheme
- Consumer Affairs Victoria
- Australian Securities and Investments Commission
- Victorian Registration and Qualifications Authority
- local councils.

LHA takes a reasonable and proportionate approach to compliance, with a focus 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.

Compliance activities in the field

In 2024–25, LHA compliance officers conducted 145 field activities with hosts, providers and workers and finalised 335 investigations. The most commonly examined issues in 2024–25 are detailed in the table under 'Compliance and Enforcement' in Section 7, Reference Data.

Enforcement outcomes

In 2024–25, LHA took enforcement actions through court proceedings across a wide range of industries, occupations and regions. LHA took action against both companies and individuals, and enforced a range of civil penalty contraventions and criminal offences.

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

Significant outcomes in 2024–25 included:

- penalising an unlicensed Benalla company and two of its officers for operating without a licence and underpaying migrant workers in the horticulture industry
- achieving a record penalty against construction companies and directors involved in unlicensed labour hire operations
- obtaining significant penalties against two companies and three directors for failing to notify LHA of changes to relevant persons, including that the persons were no longer fit and proper
- successfully prosecuting LHA's first criminal case against a company director for allegedly providing false and misleading information
- successfully prosecuting a company and its director in the Magistrates' Court of Victoria, for advertising without a labour hire licence
- seizing high-value items including a Maserati from a company director who had failed to pay penalties.

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

CASE STUDY

Benalla company and two officers fined \$255,000 for providing unlicensed labour hire and underpaying migrant workers

In April 2025, the Supreme Court of Victoria imposed penalties totalling \$255,000 on a Benalla horticulture company and two individuals for providing labour hire without a licence.

The Court found Cameron Workforce Pty Ltd (Cameron Workforce) provided workers to pick grapes and chestnuts to several farms in the Benalla region without a labour hire licence.

A \$200,000 penalty was imposed on the business. In addition, director Linna Chiem was ordered to pay a penalty of \$40,000, while Cameron Morm, who was involved in the contravening conduct, was ordered to pay \$15,000.

The penalties follow earlier Supreme Court action by LHA in 2023, which resulted in Cameron Workforce's bank account being frozen and the company undertaking that it would not provide labour hire without a licence.

The Court found that the workers employed by Cameron Workforce did not:

- receive the minimum hourly rate under the Wine Industry Award
- receive superannuation contributions
- have income tax withheld from their wages
- authorise in writing for a \$100 accommodation fee to be deducted from their wages
- have written contracts or receive payslips.

The workers were also accommodated in overcrowded and sub-standard housing owned by Chiem. Photos of the property showed:

- overcrowded bedrooms, with mattresses on the floor
- unsafe outdoor cooking facilities, with multiple electricity cords hanging from the roof to power appliances.

Many of Cameron Workforce's workers were in Australia as part of the Pacific Australia Labour Mobility (PALM) scheme. Under the scheme, workers can only work for their approved employer. The court found Cameron Workforce was not approved by the federal government to employ any PALM scheme workers.

Importantly, the court imposed a penalty on Cameron Morm as an accessory to the contravening conduct, even though he was not an office holder of Cameron Workforce.

During the investigation, LHA facilitated emergency accommodation, food, clothes and other support for workers through the Community Connections contact for PALM scheme workers.

LHA also reported the matter to relevant agencies, including Benalla Regional City Council. The Council subsequently wrote to the property owner Chiem in relation to the three properties it had inspected, outlining concerns regarding unregistered rooming houses and alleged breaches of the *Public Health and Wellbeing Act 2008* (Vic).

CASE STUDY

Highest combined penalty in Australian history for construction companies and individuals involved in unlicensed labour hire operation

The Supreme Court imposed a total of \$759,674 in penalties to five construction companies and three company directors for their involvement in unlicensed labour hire operations.

The outcome represented the largest ever total penalty for breaches of labour hire law in Australia, reflecting unlawful conduct by companies and individuals across multiple layers of sub-contracting.

The Court held that construction company Rocktown Pty Ltd had engaged two companies to supply workers, which engaged two further companies to supply workers, and that none of the companies held a labour hire licence.

The court imposed penalties on the companies and individuals involved:

- Rocktown Pty Ltd engaged two unlicensed labour hire providers to supply workers to undertake work on prefabricated concrete for use in construction. Penalty: \$101,774
- Unlicensed providers, Unitted Construction Pty Ltd and Unitted Landscaping Pty Ltd, engaged two further unlicensed providers to on-supply workers to Rocktown. Penalty: \$116,314 per company
- Those providers, Century Interior Service Pty Ltd and VL Building Pty Ltd, supplied labour hire workers while unlicensed. Penalty: \$174,470 per company
- Company directors Ejup Ademi, Qizhi Zhang and Vincent Lin contravened the LHL Act through their involvement in their companies' contraventions. Penalty: \$25,444 per person

The successful prosecution was part of LHA's focus on complex supply chains which may involve layers of contract arrangements between the ultimate host and the worker. This structure can be used to conceal worker exploitation and unlawful conduct.

Sub-contracting labour is a common practice in construction and other industries – the case highlighted that all companies supplying labour hire workers in a supply chain must hold a licence.

CASE STUDY

Penalties for two companies and three individuals for failing to notify LHA of changes to relevant persons

In September 2024, Monorom Labours Power Pty Ltd (Monorom) and two directors were issued penalties totalling \$263,889 by the Supreme Court of Victoria for failing to notify LHA:

- of multiple changes in company directors and secretaries
- that a director was not a fit and proper person.

When Saravong Tath became a director of Monorom, the company – which provided workers to farms in the Yarra Valley and Koo Wee Rup – failed to inform LHA that Tath had been an officer of two companies placed under external administration within the preceding five years, meaning he was not a fit and proper person.

Following this, in December 2024, the Supreme Court penalised Nirron Labour Pride Pty Ltd (Nirron) and its director a total of \$287,500 for similar conduct. The Court found company director Sokheng Seng:

- falsely declared he had not been involved in another labour hire services business when he submitted a labour hire licence application
- had in fact been an officer of labour hire company Monorom when its labour hire licence was cancelled by LHA, meaning he was no longer considered a fit and proper person under the LHL Act.

The Court also found in late 2022 and early 2023, Nirron had made changes in company directors between Seng and others several times without notifying LHA, another contravention of the Act.

The requirement to notify LHA of changes to relevant persons is an essential tool in the LHL Act to allow LHA to ensure that, among other things, all relevant persons are fit and proper and compliant with workplace laws.

CASE STUDY

Alleged bribe offer, lies and false invoice - company director fined \$15,000 for dishonesty

A company director was ordered to pay a fine of \$15,000 by the Dandenong Magistrates' Court, plus over \$4,000 in costs, after pleading guilty to providing false or misleading information to LHA as part of their labour hire licence application.

In LHA's first criminal prosecution, the Court found that director Korb Tin gave false information to LHA that he was not involved in another labour hire business, and supplied a false invoice to support a licence application.

The repeated breaches of the LHL Act occurred from March 2022 to February 2023 in responses to LHA requests for information.

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

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

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

However, Mr Tin was found by the Court to have had an interest in and performed work for his wife's labour hire business, Korbkorb9, at the time of applying for a licence for KSK.

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

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

Two days after this offer, the 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 offer of payment was not accepted, and KSK's licence application was refused.

The LHA officer immediately escalated the matter within LHA, and the apparent offer of payment to the officer 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

Maserati and other high-value items seized to pay penalty

After a company director failed to pay penalties imposed by the Supreme Court following legal action by LHA, high-value items were seized by the Sheriff's Office (under instruction from LHA) from an individual's home in May 2025, including:

- a luxury Maserati motor car
- a 1kg bar of gold bullion
- various jewels
- numerous Louis Vuitton accessories.

LHA will continue to target companies and individuals profiting from prohibited conduct and the exploitation of vulnerable workers.

CASE STUDY

Queensland company and director fined \$91,000 for unlicensed labour hire advertising

The Magistrates' Court issued penalties totalling \$91,000 to an unlicensed labour hire company and its director, following legal action by LHA.

Queensland-based company Gobally Talent Group Pty Ltd (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 Gobally's website and were primarily directed towards Indonesian and Taiwanese working holiday visa holders.

The Court found Gobally contravened the LHL Act by not holding a Victorian labour hire licence when advertisements were published between February and September 2024.

The company was penalised \$74,000 and company director Sheng-Yao Ho was penalised \$17,000 for involvement in the contraventions.

The Court also found Gobally was aware of the requirement to hold a labour hire licence, as the company had applied for a Victorian labour hire licence in April 2024 after the advertisements were published.

The company's licence application was refused.

In handing down her judgement, Magistrate Fawcett noted that "the conduct proscribed by section 14 is a 'natural first step' to provision of those services unlicensed. Accordingly, regulating the advertising conduct of unlicensed labour hire providers is a critical part of the scheme under the LHL Act for improving the transparency and integrity of the labour hire industry, and protection of workers from exploitation."



Industry focus – Horticulture

LHA's compliance and enforcement activities continued to focus on the horticulture industry in 2024–25.

The horticulture industry has a higher risk of worker exploitation due to the seasonal and transitory nature of the work, and 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 orchestrate harms across regional or jurisdictional boundaries.

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

LHA has taken a range of action against businesses operating in the horticulture industry for non-compliance with the LHL Act, including cancelling 227 licences and refusing 178 licence applications to date.

Compliance activities in 2024–25 included site visits to over 100 horticulture businesses, interviewing workers and inspecting accommodation to identify any non-compliance by providers or hosts. This included targeting areas of Victoria that have higher levels of non-compliance, such as the Yarra Valley, Mornington Peninsula and Mildura.

In 2024–25, LHA took enforcement action against three companies and five individuals for operating unlicensed labour hire businesses in the horticulture industry and they were fined a total of over \$800,000. This included action taken against an unlicensed provider that failed to pay workers the Award, failed to pay/withhold tax and superannuation, failed to provide or maintain worker records, and housed workers in overcrowded and unsafe accommodation. These harms to workers are all too common in the horticulture industry and are a key focus for LHA.

Horticulture providers commonly operate in multiple states and territories. There is also solid evidence to show that harms often originate outside of the region, orchestrated across regional or jurisdictional boundaries.

LHA continues to work collaboratively with law enforcement and other regulators to ensure 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 is fundamental to removing exploitative providers from the industry and protecting workers.

CASE STUDY

Alleged non-compliance identified during Yarra Valley inspections

LHA inspectors attended farms in the Yarra Valley in April 2025. LHA officers interviewed workers and key staff from hosts and providers and collected financial documents.

As a result, several labour hire providers are under investigation for alleged non-compliance, including that workers may have been:

- underpaid, and had entitlements including superannuation withheld
- housed in accommodation that licensed providers had failed to declare to LHA.

CASE STUDY

Inspections of farms in Yarra Valley and Mornington Peninsula to investigate unlicensed operations

LHA compliance officers attended several farms in the Yarra Valley and Mornington Peninsula to investigate alleged unlicensed operations after receiving intelligence from FWO.

LHA officers interviewed key staff from host businesses and collected financial documents to enable thorough investigation.

Our investigation discovered potential alleged licence fraud, including an unlicensed provider passing off the valid labour hire licence of a different business as their own.

LHA is continuing its investigations into potential non-compliance uncovered during the visits and will continue to work alongside the FWO on the outcomes.

CASE STUDY

Joint operation with FWO in north-west Victoria

LHA conducted a joint field operation with FWO, inspecting farms in Victoria's north-west.

LHA officers reviewed host farms' labour supply chains to check the licence status of their labour hire providers, and conducted interviews with workers on site and with several labour hire licence applicants in the region.

Through interviews with workers employed by licensed providers, LHA inspectors gathered evidence regarding:

- their pay, entitlements and conditions
- whether accommodation or travel was supplied by their employer
- occupational health and safety standards.

LHA identified non-compliance by providers at multiple sites, including an allegedly unlicensed provider.

As a result of the operation, LHA:

- refused a licence application
- imposed conditions on two licence holders.

Harm focus: Illegal phoenix activity in the horticulture industry

LHA continued its focus on combatting illegal phoenix activity in 2024–25. 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, as well as to other businesses that are put at a competitive disadvantage, and to the community through unpaid taxes. Illegal phoenix activity is estimated to cost the Australian economy \$5 billion per year.

Illegal phoenix activity may be carried out by using 'straw directors', 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 Phoenix 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 together to disrupt their business model and make it financially unviable
- removing their ability to operate
- applying financial penalties
- prosecuting the worst offenders.

CASE STUDY

Multi-agency operations target illegal phoenixing at Yarra Valley and Koo Wee Rup farms

LHA participated in two multi-agency operations with members of the national Phoenix Taskforce in October 2024 and March 2025, which saw labour hire providers at Yarra Valley and Koo Wee Rup farms visited by officers from LHA, FWO, ATO and ABF.

During the operations, officers identified evidence of alleged illegal phoenix activity, as well as several other areas of alleged non-compliance by labour hire providers, including:

- unlicensed labour hire arrangements
- licence fraud, where a person misrepresents themselves as a licensed provider
- underpayment of workers
- substandard accommodation provided to workers.

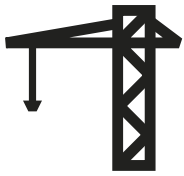
Officers interviewed workers and key staff from hosts and providers, and collected financial documents to enable thorough investigation of any alleged illegal phoenix activity or potential unlawful conduct.

As a result of the operations, LHA:

- cancelled three licences
- imposed conditions on one licence holder
- made 16 referrals to other regulators or law enforcement agencies.

LHA is continuing its investigations into potential non-compliance uncovered during the visits and will work alongside other regulators on the outcomes.





Industry focus – Construction

The construction industry is the fourth largest employer in Victoria and contributes to the development of essential civil infrastructure, as well as industrial, commercial and residential buildings.

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

LHA undertakes compliance and enforcement actions to make the industry fairer for businesses and workers. LHA took a range of actions against labour hire companies in Victoria's construction industry in 2024–25, including in response to practices that may be unlawful, coercive or reflect widespread non-compliance.

To date, LHA has cancelled 126 licences and refused 44 licence applications from businesses in the construction industry, including businesses operated by organised crime or outlaw motorcycle gang (OMCG) figures. LHA has also imposed conditions on 26 licences.

CASE STUDY

Refusal of licence application for business operated by undisclosed person

LHA refused a licence application after identifying that the 'controlling mind' of the business had not been disclosed to LHA in the application.

The application named only the sole director of the business as a relevant person. However, LHA's investigation identified that the director had limited knowledge of the business and that the true controlling mind was the undisclosed figure.

LHA refused the application on the grounds that the applicant failed to disclose all relevant persons in the business, LHA could not be satisfied all relevant persons were fit and proper, and the applicant failed to provide information to the satisfaction of LHA.

CASE STUDY

Refusal of licence application for director with undisclosed criminal history

LHA refused a licence application after identifying that the sole director of the business had a significant criminal history, including for multiple dishonesty offences.

The director failed to disclose the offences at application.

LHA refused the licence application on the ground that the director was not a fit and proper person under the LHL Act, having been found guilty of dishonesty offences, punishable by a term of imprisonment of three months or more.

CASE STUDY

Cancellation of licence for business operated by undisclosed person

LHA cancelled a licence after discovering that the business had deliberately failed to disclose the identity of a relevant person.

The business's licence application had only disclosed its sole director as a relevant person. However, LHA's investigation identified evidence that a close associate of the director was involved in making, or participating in making, decisions that affected the business and therefore should have been declared to LHA. On the available evidence, LHA found the failure to disclose their identity was deliberate.

LHA cancelled the licence on the grounds that the business knowingly provided false and misleading information to LHA about the identity of the persons running the business in its application.

As noted in the enforcement outcomes above, LHA achieved a significant result in the Supreme Court of Victoria as part of LHA's focus on complex supply chains in the construction industry. A total of \$759,674 in penalties was imposed on five construction companies and three company directors for their involvement in unlicensed labour hire operations in Victoria. The outcome represented the largest ever total penalty for breaches of labour hire law in Australia, reflecting unlawful conduct by companies and individuals across multiple layers of subcontracting.

LHA powers to be strengthened to address unlawful conduct in Victoria's construction industry, following government review

In December 2024, the Victorian Government announced that LHA's regulatory powers would be strengthened to further address unlawful conduct in the construction industry.

The announcement came in response to the *Formal Review into the Victorian Government Bodies' Engagement with Construction Companies and Construction Unions* (the Wilson Review).

The Government committed to support all recommendations – either in principle or in full. In summary, this includes legislative changes to:

- add 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
- specifically define work activities related to construction that will be considered labour hire to make it clearer which businesses require a licence. This aims to enhance LHA's capacity to regulate the construction industry
- strengthen LHA's powers to request information that is reasonably necessary to support compliance monitoring
- broaden LHA's ability to publish contextual information around certain licensing actions – such as the circumstances that led to a licence cancellation. This will promote compliance with the LHL Act and educate labour hire providers and hosts about their obligations under the legislation.

The review also recommended the establishment of an alliance of state and federal regulators, law enforcement and other entities with a role in addressing allegations of criminal or unlawful conduct on Victorian government construction sites. LHA is now part of this alliance to share information, coordinate action and inform government of emerging issues on these sites.





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 can often involve the supply of labour through complex supply chains.

This practice is commonly referred to as ‘subcontracting’ in the sector and involves a principal contractor sourcing labour hire workers from a subcontractor for on-supply to the principal contractor’s client/host. While this can be a lawful business model, there is an inherent increased risk of non-compliance within complex supply chains.

Providers are free to enter arrangements with hosts, intermediaries and subcontractors as they see fit. However, if a provider supplies security guards at contract prices below the minimum costs of meeting their legal obligations (including wages, superannuation, leave entitlements, portable long service leave levy and workers’ compensation insurance) there is a risk that the provider and/or another party in the supply chain are not complying with these legal obligations.

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

To date, LHA has participated in three significant multi-agency operations focussed 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.

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.

LHA has cancelled 45 labour hire licences and refused 19 licence applications in the security industry to date, after uncovering non-compliance with legal obligations through our intelligence-led compliance program.

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 that enable them to meet their minimum legal obligations, including correct payment of workers.

Transparency and responsibility conditions

To respond to the risk of non-compliance in complex supply chains resulting from a lack of transparency of the arrangements to regulators, LHA has continued to impose responsibility and transparency conditions on licences to enable it to more effectively regulate all parties involved in the provision of labour hire services in those supply chains.

LHA’s transparency conditions require providers to periodically report details to LHA about their subcontractors, so that it can effectively regulate all parties in the supply chain who may be providing labour hire services.

LHA also imposes responsibility conditions on principal contractors, where there are risks that contract prices in their supply chain may be too low to enable subcontractors to meet their legal obligations to workers. Responsibility conditions require a labour hire provider to assess whether the amount it proposes to pay to any new subcontractors will reasonably allow them to comply with minimum legal obligations and periodically report to LHA about its subcontracting activities.

The conditions align with the objective of the LHL Act to improve the transparency and integrity of the labour hire industry.

If non-compliance is identified, this may result in a warning, licence suspension or cancellation – impacting or preventing a business’s operations.

CASE STUDY

Supply chain responsibility and transparency conditions imposed on major provider in the security industry

After a lengthy investigation, LHA imposed supply chain responsibility and transparency conditions on a major provider in the security industry.

LHA identified that a number of the provider's contracts with subcontractors contained low contract prices, which would not allow the subcontractors to comply with minimum legal obligations to workers.

LHA imposed supply chain transparency and responsibility conditions on the provider. LHA now has oversight over the provider's arrangements, enabling LHA to monitor compliance within the provider's supply chain to ensure workers receive their entitlements.

Amendments to the *Private Security Act 2004*

In 2024–25, LHA educated labour hire providers about amendments to the *Private Security Act 2004* (Vic), which came into effect in June 2025, to ensure they continue to meet their legal obligations.

The amendments stem from recommendations made in the 2021 [Review of the Private Security Industry](#). LHA worked closely with other regulators and stakeholders to ensure the changes that relate to labour hire in the security industry make it fairer, safer and more transparent.

The amendments will create much-needed visibility across complex supply chains to ensure hosts/clients have greater understanding of any risk of non-compliance in their business and will make it easier for regulators like Victoria Police's LRD and LHA to regulate compliance across complex supply chains.

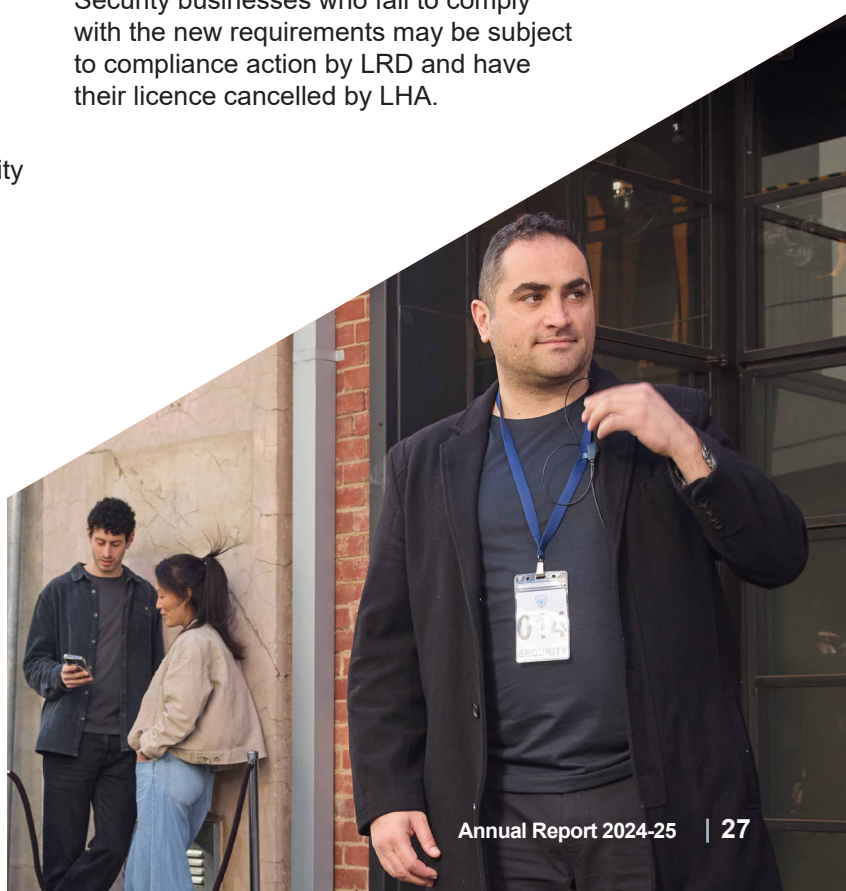
To deter intentional misclassification of workers, the amendments include a new requirement that workers engaged as independent contractors hold a private security business licence, in addition to a private security individual operator licence. An individual who wishes to operate a genuine business as an independent contractor may still do so, with the required business licence.

The amendments will also increase transparency of complex supply chains by requiring:

- providers, at both the principal contractor and subcontractor level, to gain written consent from the host/client at least one day before subcontracting (or within three days after commencement for subcontracting on 'short notice'),
- providers give the client/host a written notice that includes the names and licence numbers of each proposed subcontractor at the time of seeking written consent from the host/client.

'Subcontractors' now includes both businesses that are providers under the LHL Act, and workers engaged as independent contractors.

Security businesses who fail to comply with the new requirements may be subject to compliance action by LRD and have their licence cancelled by LHA.





Industry focus – Meat and poultry

LHA enhanced its focus on the meat and poultry industries in 2024–25, undertaking targeted inspections at metropolitan and regional facilities and taking licensing action against non-compliant providers.

The meat and poultry processing industries have historically seen significant rates of worker mistreatment and exploitation, so are defined as prescribed industries under the LHL Act.

The 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.

In this year's inspections, LHA inspectors observed:

- host businesses using unlicensed labour hire providers
- unsafe and unhygienic working conditions
- workers being unreasonably charged for tools required for their work
- deficient personal protective equipment
- non-compliant worker accommodation
- cash payments and failure to contribute superannuation
- exploitation of PALM scheme workers, including concerns around 'poaching'.

LHA's investigations have also identified complex supply chains, with multiple layers of subcontracting. There is an inherent increased risk of non-compliance in complex supply chains, due to the arrangements not always being transparent to regulators. LHA has also identified potential illegal phoenix activity and low contract prices, which would not enable providers to meet their obligations to workers.

In 2024–25, LHA refused the licence application of a large labour hire provider operating in the meat processing industry for non-compliance with the LHL Act. LHA is committed to taking licensing action against providers that flout the obligations of the licensing system. Actions like these promote the transparency and integrity of the labour hire industry and make it a more even playing field for compliant entities.

LHA also cancelled the licences of several other labour hire providers in the meat industry. The licence of one provider was cancelled after LHA established that they were making unlawful deductions from their worker's wages.

To date, LHA has refused 37 applications and cancelled 39 licences for businesses operating in the meat and poultry processing industries.

Labour hire workers in the meat and poultry processing industries were also the target of an LHA communication campaign to raise workers' awareness of their rights and how to report unlawful treatment by labour hire businesses. The campaign was launched across digital, social media and press channels.

CASE STUDY

Worker exploitation investigated in a meat processing facility in south-east Victoria

LHA officers identified several alleged issues during a site visit to a meat processing facility in Victoria's south-east, including issues regarding worker pay and entitlements.

Through interviews with the host and workers, as well as collecting documentary evidence, LHA identified several alleged issues including that the workers may have been:

- underpaid, and had entitlements including superannuation withheld
- paid in cash and not given payslips
- threatened regarding their visa status.

CASE STUDY

LHA inspects meat and poultry processing facilities in south-west Victoria

LHA officers visited three meat and poultry facilities in south-west Victoria, reviewing records and interviewing workers, providers and hosts.

LHA officers identified businesses at the sites that may have been providing labour hire without a licence. Officers also identified concerns that licensed providers may not be meeting their legal obligations to:

- provide a safe working environment, including by providing personal protective equipment (such as safety boots) at no cost when workers require them for their work
- make superannuation contributions for their workers
- pay minimum rates and provide breaks required under the Meat Industry Award 2020.

The businesses operating the meat and poultry processing facilities cooperated fully with LHA officers, in line with legal requirements.





Harm focus – Licence fraud

LHA detected an increase in licence fraud in 2025-26, including persons:

- providing fabricated/doctored licences to hosts to create the illusion that the person is a licensed labour hire provider
- misrepresenting themselves in a contract with a host as being the director of a business that was on the register of licensed labour hire providers
- providing fabricated bank statements to hosts to mislead the host into thinking they were paying a business that was on the register of licensed labour hire providers, when in reality the payments were going to the account of an unlicensed provider
- providing fabricated taxation documents to hosts to mislead the host into thinking they were engaging a business that was on the register of licensed labour hire providers
- registering companies with almost the exact same name as a licensed provider, and passing themselves off as the licence holder.

These examples involve criminal offences under the *Crimes Act 1958* (Vic), including falsification of documents and obtain financial advantage by deception. LHA is taking enforcement action against unlicensed providers under the LHL Act and working with other regulators and law enforcement to detect, deter and respond to licence fraud.

In 2024–25, LHA also continued to educate host businesses about how to spot and avoid licence fraud during site inspections, engagement activities and communications channels.

CASE STUDY

Host businesses sickened at being misled by unlawful labour hire provider

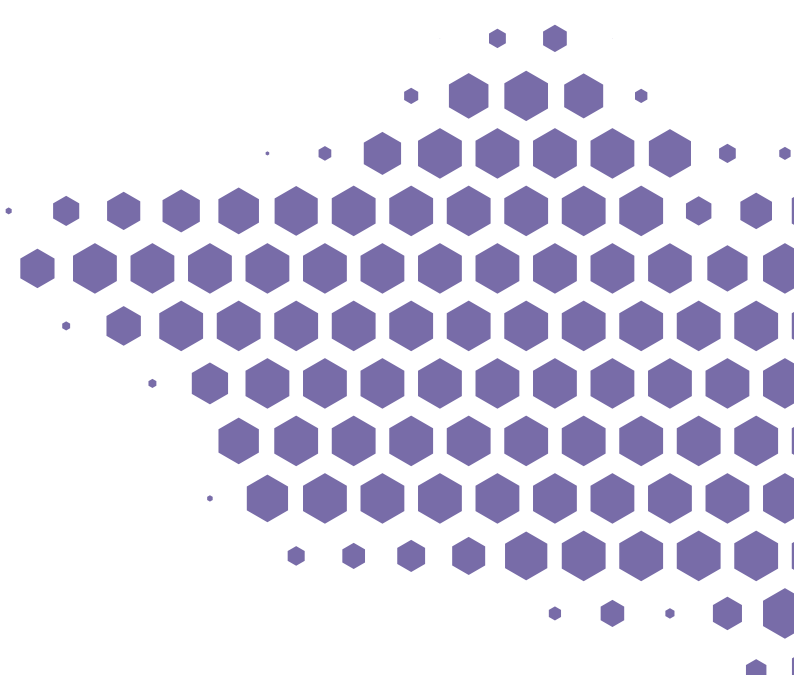
As detailed on page 19, in April 2025, the Supreme Court of Victoria imposed penalties totalling \$255,000 on Cameron Workforce, Linna Chiem and Cameron Morm for providing labour hire without a licence.

The Court found Cameron Workforce provided workers to pick grapes and chestnuts to several farms in the Benalla region without a labour hire licence, and failed to meet legal obligations to its workers.

The host businesses that engaged Cameron Workforce told LHA they had been misled by Chiem and Morm into believing that workers were being provided by a licensed business. The hosts received invoices in the name of the licensed business, but the bank account details on the invoices were that of Cameron Workforce.

One host said they ‘felt sick’ when LHA advised them that they were paying an unlicensed provider, and said they would be willing to ensure any underpaid workers were paid properly.

“This has certainly highlighted that we need to reconfirm details when hiring labour contractors and will definitely ensure this is done in the future,” another host who assisted the investigation told LHA.



STRATEGIC PRIORITY 3

Educate and engage with industry and the community

In 2024–25, LHA continued its extensive program of industry engagement, and increased direct communication with labour hire hosts, workers and key stakeholders.

LHA provided information through a range of channels, including information sessions, 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 staff engaged with over 1,300 industry stakeholders through 52 online and in-person events in 2024–25, across the city and suburbs of Melbourne, and cities and towns in Victoria's regions.

LHA expanded its focus on targeted engagement, holding industry-specific sessions for providers and hosts in the manufacturing, care, construction, commercial cleaning, hospitality and meat processing industries.

In addition, LHA targeted four industry areas by staffing booths at expos in 2024–25, engaging with attendees and addressing queries relevant to each industry within its own context.

These expos – in the care, transport, manufacturing and food service industries – each provided dozens of opportunities for in-depth conversations between LHA staff and industry stakeholders including labour hire hosts, providers and peak bodies.

LHA introduced new, tailored engagement presentations in 2024–25, to reflect and address specific issues and priorities relevant to different industries and stakeholder groups.

LHA introduced tailored sessions for host businesses in specific industries, highlighting industry-relevant issues and informing hosts about simple ways to use LHA tools to ensure compliance.

In July 2024, LHA held its first dedicated webinar for recently licensed labour hire providers. The session covered key aspects of the LHL Act and addressed providers' queries, helping to grow a base of knowledge to support ongoing compliance.

The pilot session was well attended, leading to five further sessions being scheduled in 2024–25. In total, 320 new providers attended one of these sessions during the year, with attendees providing strong positive feedback on their value.

In April 2025, LHA held its first targeted webinar for accountants and tax agents. As key business advisers, this group represents an important compliance lever for many providers. The session provided an overview of labour hire licensing law to 84 attendees, along with practical advice they could give their clients.

Industry communication campaigns

Having run its first advertising campaign in 2023-24, targeting horticulture workers, LHA expanded its targeted awareness advertising in 2024–25.

A communications campaign targeting workers in the meat and poultry processing industries ran in July 2024, with advertising across digital, social media, and press channels.

Translated into 10 languages, the campaign generated almost 30,000 visits to the campaign web page over a six-week period, making it the most-visited page on the LHA website during that time.

In May and June 2025, businesses in the meat processing and horticulture industries were the target of LHA's first major host-focused communications campaign.

Advertisements encouraged hosts to use LHA tools to check providers' labour hire licences, generating more than 9,800 visits to the campaign pages on the LHA website.

The campaign aligned with webinars held for hosts in the targeted industries in May, and with complementary engagement with relevant industry peak bodies and other stakeholders. Campaign materials were also translated into multiple languages, with advertising targeted to regions across Victoria with high concentrations of horticulture and meat processing activity.

As well as reaching and informing host businesses in the targeted industries, and prompting action to improve compliance, advertisements through all LHA's campaigns in 2024–25 helped to raise broader awareness through millions of impressions across social and digital media.

Community education and engagement

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 202 media mentions in 2024–25.

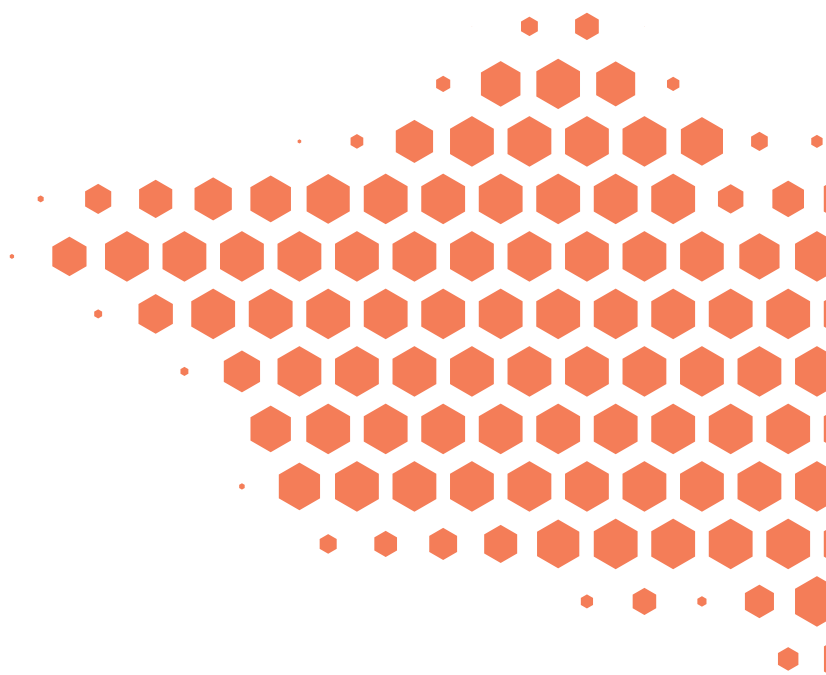
A range of high-impact compliance and enforcement outcomes were highlighted as part of LHA's proactive media strategy, generating coverage in broadcast, digital and traditional media, across local, state and national media. The Labour Hire Licensing Commissioner was also interviewed by several broadcasters about LHA's regulatory activities and outcomes.

LHA channels

The LHA website continued to be popular in 2024–25 with site visitors seeking information on labour hire licensing and LHA's activities, as well as using the *Labour Hire Licence Register*, *Follow My Provider* and *Report a Problem* tools. In total, community members, labour hire providers, hosts and workers visited the site more than 132,000 times across the year.

The distribution of the LHA News monthly e-newsletter continued to grow, increasing by over 2,000 during 2024–25, with 14,372 subscribers receiving the June 2025 edition.

Across 11 editions in 2024–25, the newsletter covered licensing matters and LHA's compliance and enforcement program, along with developments in law, policy and programs of interest to licensed labour hire providers, hosts and other stakeholders.



STRATEGIC PRIORITY 4

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

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

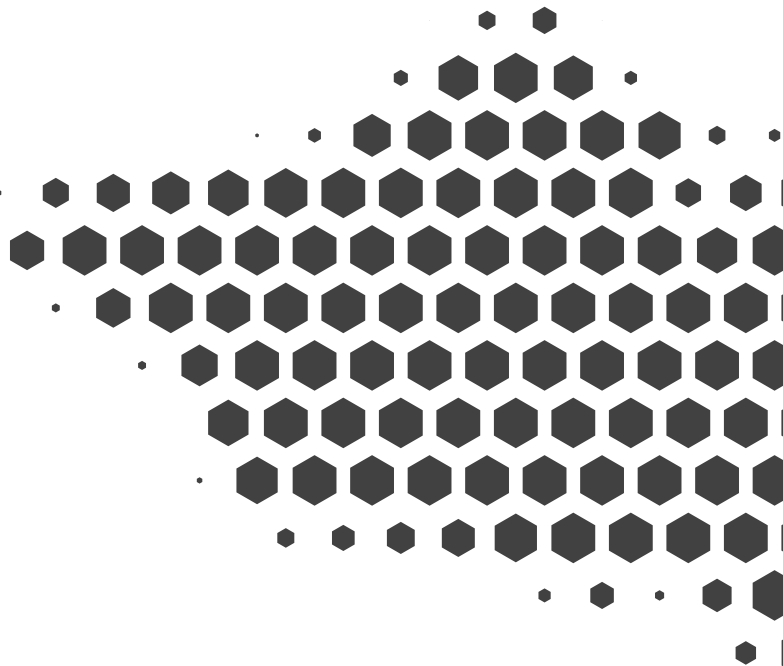
In 2024–25, LHA continued with significant levels of recruitment, which attracted capable staff to all areas of LHA and saw us grow from 103 staff at 30 June 2024 to 114 staff at 30 June 2025, enabling us to build and deliver regulatory and operational capability.

Our 2024–25 People Matters Survey 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 2024–25, LHA implemented a comprehensive learning and development program to help ensure that all staff could effectively meet LHA's regulatory, operational and organisational requirements. The program is designed to build staff competencies and enhance their capability to administer the licensing scheme, deliver the compliance and enforcement program, and provide effective corporate services.

LHA's digital services are also keeping pace with the evolving environment. A joint focus on enhanced cybersecurity and digital functionality continues to improve the user experience for licence holders, and better support our staff and operations.

LHA's Audit and Risk Committee (ARC) met four times in 2024–25, focusing on LHA's compliance with the *Standing Directions 2018* 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.



Five-year financial summary

	2024-25 (\$'000)	2023-24 (\$'000)	2022-23 (\$'000)	2021-22 (\$'000)	2020-21 (\$'000)
Total income from transactions	24,907	23,282	20,753	19,846	15,718
Total expenses from transactions	23,511	19,493	15,644	12,379	9,020
Net result from transactions	1,396	3,789	5,109	7,467	6,698
Net result for the period ⁽ⁱ⁾	1,384	3,945	5,109	7,467	6,698
Net cash flow from operations	580	5,057	10,377	4,547	4,745
Total assets	43,500	41,099	37,368	26,712	23,157
Total liabilities	16,607	15,590	15,804	10,257	14,169
Net Assets	26,893	25,509	21,564	16,455	8,988

⁽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 \$7.476 million in 2024–25 and licence fee revenue was \$15.819 million. Income from government grants, interest and other sources totalled \$1.612 million. Total operating expenditure was \$23.511 million, which resulted in a net operating surplus of \$1.396 million. LHA's comprehensive result this financial year was a \$1.384 million surplus. Cash deposits were stable, falling slightly to \$39.302 million. LHA has deferred income of \$10.516 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 and continues to lead LHA. Steve was originally appointed Commissioner under the Act in October 2018 and was reappointed in September 2023.

The Commissioner provides executive direction and leadership to LHA, and exercises power under the Act. The Commissioner oversees LHA's regulatory system and decision-making process in relation to licensing, compliance and enforcement functions. The Commissioner also provides oversight of strategic partnerships with stakeholders and ensures that LHA is financially sustainable and effective.

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 leadership experience leading complex investigation, audit, compliance and enforcement functions across the public service 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 the Intelligence and Analytics Branch.

Peter Cozens

Director, Regulatory Operations Division

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

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

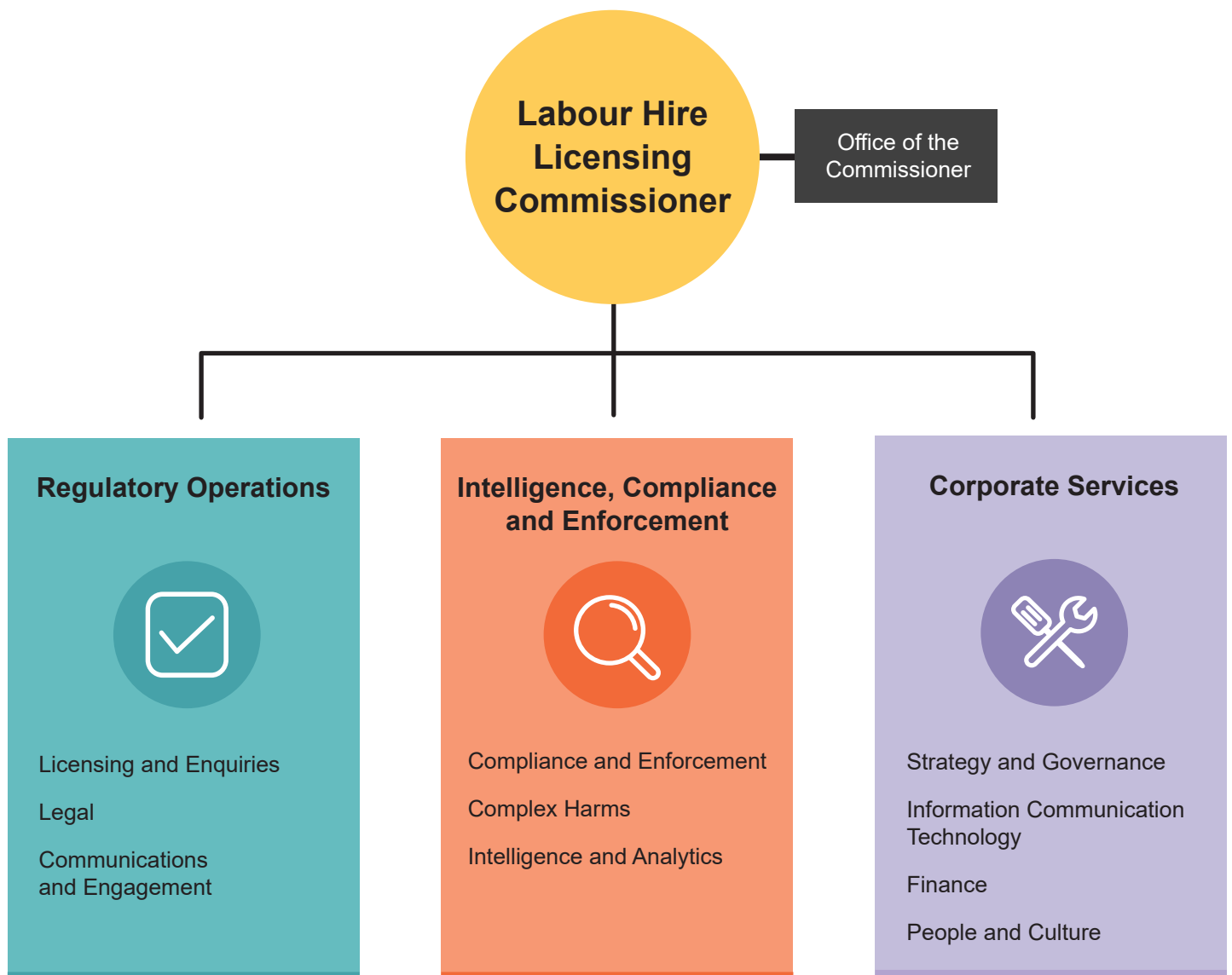
Michelle Osborne

Chief Operating Officer

Michelle Osborne commenced as LHA's Chief Operating Officer (COO) in February 2024. Michelle has extensive leadership experience 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 includes Finance Branch, Strategy and Governance Branch, Information and Communication Technology (ICT) Branch, and 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 LHL 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, and recommending to the Commissioner whether to approve the licence application.

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

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



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 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, 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 and comprises the ICT Branch, the Finance Branch, the People and Culture Branch, and the Strategy and Governance Branch.

The ICT Branch manages LHA's information technology infrastructure, solutions and security, providing a combination of bespoke and 'off-the-shelf' ICT solutions to meet LHA's operational needs.

The Finance Branch is responsible for LHA's financial matters, including budget management, procurement, the 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.

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

Audit and Risk Committee

Victorian public sector agencies are required to appoint an Audit Committee under the Standing Directions of the Minister for Finance and in line with the FMA.

The Audit and Risk Committee (ARC) is responsible directly to LHA's Commissioner. It oversees and advises 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.

All ARC members were appointed in June 2023 for an additional three-year term following a review of the Committee's performance.

The three independent members of the ARC are:

Peter Lewinsky, Independent Member, Chair

Peter Lewinsky has an extensive private and public sector career spanning investment banking, 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 (DTF) 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 Certified Practicing Accountant (CPA) with over 20 years' experience in accounting, assurance services, governance and risk management. Lisa is a former external auditor who has held committee memberships with local governments and Victorian Government regulatory agencies. She has significant experience and interest in digital transformation projects, including cyber security.

Internal audit

In November 2023, LHA appointed RSM Australia to provide internal audit services for a period of three years. Internal audit services were previously provided to LHA by HLB Mann Judd from 2020 to 2023.

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 controls 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 culture focused on maximising team effectiveness, performance and communication. 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.

Through implementation of the People Strategy, we will focus on delivering 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 2024 showed continued strength in the overall engagement index compared to the overall Victorian Public Sector and similar agencies. We saw improvements in areas of focus such as senior leadership and manager support, and strong results around workplace flexibility and integrity.

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

Public sector values and code of conduct

The *Public Administration Act 2004* (Vic) established the Victorian Public Sector 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 to ensure that LHA staff uphold the VPS Values and apply the Code of Conduct at all times, to maintain the highest standards of integrity and public trust in LHA's work. We are committed to address 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 when appointing candidates. LHA employees have been advised of the principles as well as recruitment and selection processes.

LHA recruitment and selection policies incorporate the VPSC Jobs Skills Exchange recruitment policy, robust assessment criteria and public sector employment principles and standards.

Health and Safety

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

Our Executive Team is committed to 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.

	2025	2024
Number of reported incidents/injuries per 100 FTE	8.994	9.8980
Number of 'lost time' standard claims per 100 FTE	0.8994	0.9898
Average claim cost per year	\$78,256.94	\$61,707.44

Workforce inclusion

LHA is committed to inclusion, diversity and equity. We recognise the benefits of harnessing the ideas and opinions of diverse 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, and
- have the opportunity to work flexibly.

Comparative workforce data

LHA's workforce and organisational structure has continued to adapt to our maturing regulatory scheme, with appropriate expansion of resources and capability across the organisation to meet our operational and organisational requirements.

As at 30 June 2024, LHA's staffing profile was 101.03 FTE, which increased to 111.23 FTE at 30 June 2025, reflecting targeted and appropriate growth in response to our regulatory activities.

The following table discloses the head count and full time staff equivalent (FTE) of all active LHA public service employees employed in the last full pay period in June of the current reporting period (2025), and in the last full pay period in June of the previous reporting period (2024).

		June 2025						June 2024							
		All Employees		Ongoing		Fixed Term and Casual		All Employees		Ongoing		Fixed Term and Casual			
		Number (Headcount)	FTE	Full Time (Headcount)	Part Time (Headcount)	FTE	Number (Headcount)	FTE	Number (Headcount)	FTE	Full Time (Headcount)	Part Time (Headcount)	FTE	Number (Headcount)	FTE
Demographic data	Gender														
	Men	50	49.7	44	2	45.7	4	4	47	46.6	40	2	41.6	5	5
	Women	63	61.53	57	5	60.93	1	0.6	56	54.43	46	3	48.2	7	6.23
	Self-described	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Age														
	15 - 24	4	3.5	3	1	3.5	0	0	3	2.6	0	0	0	3	2.6
	25 - 34	20	20	19	0	19	1	1	20	19.6	17	1	17.6	2	2
	35 - 44	48	46.73	40	6	45.13	2	1.6	42	40.83	36	4	39.2	2	1.63
	45 - 54	27	27	25	0	25	2	2	28	28	23	0	23	5	5
	55 - 64	13	13	13	0	13	0	0	9	9	9	0	9	0	0
65+	1	1	1	0	1	0	0	1	1	1	0	1	0	0	
Classification data	VPS 1-6 grades														
	VPS 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	VPS 2	1	1	1	0	1	0	0	2	2	0	0	0	2	2
	VPS 3	14	13.34	11	2	12.34	1	1	10	9.23	8	0	8	2	1.23
	VPS 4	28	28	27	0	27	1	1	29	28.6	26	1	26.6	2	2
	VPS 5	40	39.2	35	2	36.6	3	2.6	34	33.4	28	3	30.4	3	3
	VPS 6	24	23.69	21	3	23.69	0	0	21	20.8	18	1	18.8	2	2
	Senior employees														
	STS	3	3	3	0	3	0	0	4	4	4	0	4	0	0
	Executives	3	3	3	0	3	0	0	3	3	2	0	2	1	1
TOTAL		113	111.23	101	7	106.63	5	4.6	103	101.3	86	5	89.8	12	11.23

Note: GIC appointments are not included in this table.

Executive officer data

The following table discloses the annualised total salary, by \$20,000 bands, for executives and other 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	-	2
\$220,000 – \$239,999	-	-
\$240,000 – \$259,999	2	1
\$260,000 – \$279,999	1	-
Total	3	3



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.

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 2024-25 reporting period.

Government advertising expenditure

In 2024-25, none of LHA's advertising campaigns involved a total media buy of \$100,000 or greater (excl. GST).

Consultancy expenditure

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

In 2024-25, there were seven consultancies where the total fees payable were \$10,000 or greater. The total expenditure incurred during 2024-25 in relation to these consultancies was \$191,718 (excluding GST). Details of individual consultancies are outlined below.

Details of consultancies valued under \$10,000

In 2024-25, there were two consultancies engaged during the year where the total fees payable to the individual consultancies was less than \$10,000. The total expenditure incurred in during 2024-25 in relation to these consultancies was \$7,283 (excluding GST).

Consultant	Purpose	Total approved expenditure (ex GST)	Expenditure in 2024-25 (ex GST)	Future expenditure (ex GST)
		(\$'000)	(\$'000)	(\$'000)
Data Agility Pty Ltd	Data warehouse feasibility	22.5	22.5	nil
Data Agility Pty Ltd	Review of Power BI governance	97.6	31.6	66.0
Hays Specialist Recruitment (AUS) Pty Ltd	Professional recruitment services	55.4	16.0	39.4
Integralis	Analysis of IT service management	70.0	70.0	nil
Julius Roe	Employment consultancy services	18.5	18.5	nil
Martha Travis People Innovators	Software development	18.6	18.6	nil
With Purpose Solutions	Facilitation of strategic direction	14.5	14.5	nil

Review and study expenses

In 2024-25, LHA did not undertake any reviews or studies.

Details of information and communication technology (ICT) expenditure

For the 2024-25 reporting period, LHA had a total ICT expenditure of \$4,618,170 (excl. GST), with the details shown below.

All operational ICT expenditure		ICT expenditure related to projects to create or enhance ICT capabilities	
Business As Usual (BAU) ICT expenditure		Non-BAU ICT expenditure (Operational Expenditure + Capital Expenditure)	
		Operational Expenditure	Capital Expenditure
2,981		1,424	213

(\$'000)

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 2024-25, LHA did not engage in any major contracts over \$10 million.

Freedom of Information (FOI)

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. This comprises documents created by LHA or supplied to LHA by an external organisation or individual. It 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.

LHA received and processed no FOI application in 2024-25.

Making an FOI request

When making an FOI request, applicants should ensure requests:

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

An application fee of \$31.80 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 2024-25.

Competitive Neutrality Policy

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* supports fair competition between public and private businesses. It gives government businesses the tools to enhance decisions on resource allocation.

The guiding principle of the 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 *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 cannot receive a 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. LHA encourages its staff and members of the public to report known or suspected incidences of improper conduct and detrimental action.

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

LHA made no disclosures to the Independent Broad-based Anti-corruption Commission in 2024-25.

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 this
- 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 LHA's goal of being a great place to work that is safe, agile, collaborative and well governed. The Victorian Public Sector values operate as a foundation to guide how we go about our work.

LHA's People Strategy, adopted in February 2025, is designed promote an environment of collaboration and information sharing that empowers all our people to make a valued and meaningful contribution to LHA.

During FY25/26 LHA will design and implement a Diversity, Equity & 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 equips all staff with the capability to create an environment in which everyone is welcome, included, and engaged and their contributions valued.

Emergency procurement expenditure

In 2024-25, LHA did not engage in any emergency procurement of goods or services within the scope of the Victorian Government Purchasing Board procurement 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*.

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 will be developing a Social Procurement Strategy in 2025-26 and will report on its objectives and achievements once it has been implemented.

Disclosure of procurement complaints

In 2024-25, 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 framework.

Office-based environmental impacts

LHA reduces office-based environmental impacts by:

- discouraging printing documents, as a part of our clean desk policy
- providing personal ICT equipment, which also discourages unnecessary printing
- maximising natural light and using movement to activate energy-efficient lighting
- turning off heating, cooling and lighting in the evenings
- 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, the use of solar panels, water and energy monitoring systems and a large timber frame.

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

Compliance with DataVic Access Policy

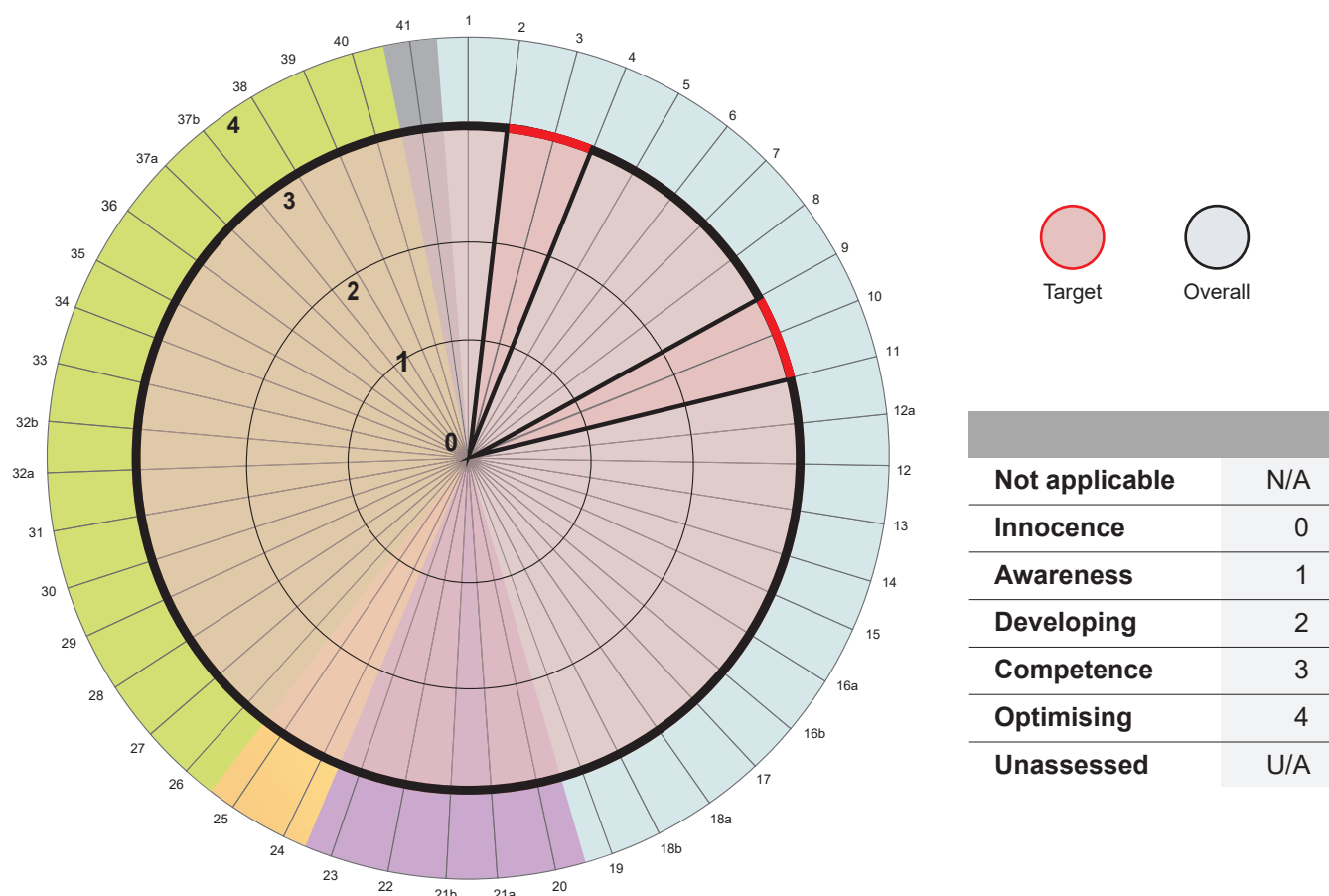
Consistent with the DataVic Access Policy, LHA has not made any data sets available on the DataVic website. Not all government data is suitable for release. Access to data may need to be restricted for reasons of privacy, public safety, law enforcement and compliance with the law, including the LHL Act.

LHA has published data on its website, including details of licensed, refused, cancelled and suspended labour hire providers and labour hire licence applicants. This data includes their business address, ABN, ACN, and the industries they supply workers to. These lists are exportable in CSV format from the public website and are available at no cost.

Asset Management Accountability Framework maturity assessment

The following sections summarise LHA's assessment of maturity against the requirements of the Asset Management Accountability Framework (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 DTF website.

LHA's target maturity rating is 'competence', meaning systems and processes 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.

Additional information available on request

In line with the Financial Reporting Directions, 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

EMAIL FOI: foi@labourhireauthority.vic.gov.au

EMAIL Governance:
governance@labourhireauthority.vic.gov.au

Attestation by the Responsible Body

Financial Management Compliance Attestation Statement

I, **Steve Dargavel**, 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* and instructions.



Steve Dargavel

Labour Hire Licensing Commissioner
27 August 2025



5.

Financial statements

Accountable Officer's and Chief Finance Officer's declaration

Statutory certification

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 2025 and the financial position of LHA at 30 June 2025.

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 27 August 2025.



Steve Dargavel

**Labour Hire
Licensing Commissioner**
Labour Hire Authority



Tracey Langdon

Chief Finance Officer
Labour Hire Authority

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 2025 • 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 • statutory certification. In my opinion, the financial report presents fairly, in all material respects, the financial position of the authority as at 30 June 2025 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and Australian Accounting Standards - Simplified Disclosures.
Basis for opinion	I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report. My independence is established by the <i>Constitution Act 1975</i>. 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 <i>Code of Ethics for Professional Accountants (including Independence Standards)</i> (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.
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 <i>Financial Management Act 1994</i>, and for such internal control as the Commissioner determines is necessary to enable the preparation and fair presentation of a 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.
- 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.



Janaka Kumara

as delegate for the Auditor-General of Victoria

MELBOURNE
5 September 2025

Comprehensive Operating Statement

For The Financial Year Ended 30 June 2025

	Notes	2025 (\$'000)	2024 (\$'000)
Continuing operations			
Revenue and income from transactions			
Regulatory fees	2.2.1	23,295	21,598
Interest income	2.2.2	1,606	1,516
Government grants	2.2.3	-	(35)
Other income		6	203
Total revenue and income from transactions		24,907	23,282
Expenses from transactions			
Employee benefits expenses	3.2.1	17,688	14,547
Operating expenses	3.3	4,995	4,557
Interest expense	6.1.1	117	-
Depreciation and amortisation	4.1.2	711	389
Total expenses from transactions		23,511	19,493
Net result from transactions (net operating balance)		1,396	3,789
Other economic flows included in the net result			
Net gain/(loss) on non-financial assets		(12)	156
Total other economic flows included in net result		(12)	(156)
Net result from continuing operations		1,384	3,945
Net result		1,384	3,945
Comprehensive result		1,384	3,945

The accompanying notes form part of these financial statements.

Balance Sheet

As at 30 June 2025

	Notes	2025 (\$'000)	2024 (\$'000)
Assets			
Financial assets			
Cash and deposits	6.3	39,302	39,446
Receivables	5.1.1	1,001	944
Total financial assets		40,303	40,390
Non-financial assets			
Property, plant and equipment	4.1	2,924	258
Intangible assets	4.2	173	350
Other non-financial assets	5.4	100	101
Total non-financial assets		3,197	709
TOTAL ASSETS		43,500	41,099
Liabilities			
Payables	5.2.1	859	749
Make good provisions		-	25
Contract liabilities	5.3	10,516	12,593
Employee related provisions	3.2.2	2,719	2,198
Borrowings	6.1	2,513	25
TOTAL LIABILITIES		16,607	15,590
NET ASSETS		26,893	25,509
Equity			
Accumulated surplus		26,893	25,509
NET WORTH		26,893	25,509

The accompanying notes form part of these financial statements.

Cash Flow Statement

For The Financial Year Ended 30 June 2025

	Notes	2025 (\$'000)	2024 (\$'000)
Cash flows from operating activities			
Receipts			
Receipts from government		-	(35)
Receipts from regulatory fees		21,169	21,763
Interest received		1,606	1,516
Goods and services tax received from / (paid to) the ATO		511	344
Other receipts		1	286
Total receipts		23,287	23,874
Payments			
Payments to suppliers and employees		(22,523)	(18,715)
Borrowing costs and finance charges		(184)	(102)
Total payments		(22,707)	(18,817)
Net cash flows from / (used in) operating activities	6.3.1	580	5,057
Cash flows from investing activities			
Sales of non-financial assets		-	301
Purchase of non-financial assets		(484)	(159)
Net cash flows from / (used in) investing activities		(484)	142
Cash flows from financing activities			
Payments of principal portion of lease liabilities		(240)	(49)
Net cash flows from / (used in) financing activities		(240)	(49)
Net increase / (decrease) in cash and cash equivalent		(144)	5,150
Cash and cash equivalents at the beginning of the financial year		39,446	34,296
Cash and cash equivalents at end of financial year		39,302	39,446

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For The Financial Year Ended 30 June 2025

		Total (\$'000)
Accumulated surplus		
Balance at 1 July 2023		21,564
Net result for the year		3,945
Balance at 30 June 2024		25,509
Net result for the year		1,384
Balance at 30 June 2025		26,893

The accompanying notes form part of these financial statements.

Notes to the financial statements

For The Financial Year Ended 30 June 2025

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 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 AASB 1060 *General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* (AASB 1060) and Financial Reporting Direction 101 *Application of Tiers of Australian Accounting Standards* (FRD 101).

LHA is a Tier 2 entity in accordance with FRD 101. These financial statements are the first general purpose financial statements prepared in accordance with Australian Accounting Standards - Simplified Disclosures. LHA's prior year financial statements were general purpose financial statements prepared in accordance with Australian Accounting Standards (Tier 1). As LHA is not a 'significant entity' as defined in FRD 101, it was required to change from Tier 1 to Tier 2 reporting effective from 1 July 2024.

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 AASs that have significant effects on the financial statements and estimates relate to:

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

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 FMA 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

2.2.3 Government grants

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

	Notes	2025 (\$'000)	2024 (\$'000)
Licence fee income	2.2.1	15,819	14,396
Application fee revenue	2.2.1	7,476	7,202
Interest income	2.2.2	1,606	1,516
Government grants	2.2.3	-	(35)
Other income		6	203
Total revenue and income from transactions		24,907	23,282

Revenue and income that fund the 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

	2025 (\$'000)	2024 (\$'000)
Licence fee income	15,819	14,396
Application fee revenue	7,476	7,202
Total revenue and income from transactions	23,295	21,598

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.

2.2.3 Government grants

	2025 (\$'000)	2024 (\$'000)
Grants recognised as income of not-for-profit entities		
Department of Treasury and Finance	-	(35)
Total government grants	-	(35)

Appropriations provided to LHA by Government for the delivery of outputs is recognised when those outputs have been delivered and the relevant Minister has certified delivery of those outputs in accordance with specified performance criteria.

Grants recognised under AASB 1058

Income from grants to integrate the Service Victoria - Digital Identity verification solution into the Labour Hire Authority online portal were initially recognised on receipt of cash.

Funds were returned to the Department of Treasury and Finance during the 2024 financial year for underspend.

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

3.3.1 Employee benefits expenses in the Comprehensive Operating Statement

3.3.2 Employee-related provisions

3.3 Operating expenses

3.1 Expenses incurred in delivery of services

	Notes	2025 (\$'000)	2024 (\$'000)
Employee benefits expenses	3.2.1	17,688	14,547
Operating expenses	3.3	4,995	4,557
Interest expense	6.1.1	117	-
Depreciation and amortisation	4.1.2	711	389
Total expenses incurred in delivery of services		23,511	19,493

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

	2025 (\$'000)	2024 (\$'000)
Salaries and wages, annual leave and long service leave	16,034	13,266
Superannuation	1,654	1,281
Total employee benefits expenses	17,688	14,547

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.

	2025 (\$'000)	2024 (\$'000)
Current provisions:		
Annual leave	1,019	867
Long service leave	792	679
Provisions for on-costs	339	300
Total current provisions for employee benefits	2,150	1,846
Non-current provisions:		
Employee benefits	481	295
On-costs	88	57
Total non-current provisions for employee benefits	569	352
Total provisions for employee benefits	2,719	2,198

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 part of the employee benefit provision as current liabilities, because LHA does not have an unconditional right to defer settlement of these liabilities.

The liability for salaries and wages are 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 entitlement to which they relate has occurred.

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 conditional right to defer the settlement of the entitlement until the employee has completed the required 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

	2025 (\$'000)	2024 (\$'000)
Technology services	1,535	1,321
Professional services and consultants	1,174	727
Allowance for impairment losses	734	683
Accommodation and property services	184	501
Other expenses	359	374
Marketing and communications	259	362
Staff training and development	321	242
Regulatory search fees	311	212
Travel expenses	118	135
Total operating expenses	4,995	4,557

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.

Supplies and services 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.

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 motor 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	
	2025 (\$'000)	2024 (\$'000)	2025 (\$'000)	2024 (\$'000)	2025 (\$'000)	2024 (\$'000)
Buildings at fair value	2,728	-	(342)	-	2,386	-
Leasehold improvements	255	25	(4)	(9)	251	16
Office and computer equipment	841	621	(571)	(435)	270	186
Motor vehicles under lease	31	31	(14)	(10)	17	21
Assets under construction	-	35	-	-	-	35
Net carrying amount	3,855	712	(931)	(454)	2,924	258

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 motor vehicles

	Gross carrying amount	Accumulated depreciation	Net carrying amount	Gross carrying amount	Accumulated depreciation	Net carrying amount
	2025 (\$'000)	2025 (\$'000)	2025 (\$'000)	2024 (\$'000)	2024 (\$'000)	2024 (\$'000)
Buildings at fair value	2,728	(342)	2,386	-	-	-
Motor vehicles	31	(14)	17	31	(10)	21
Net carrying amount	2,759	(356)	2,403	31	(10)	21

	Buildings at fair value	Motor vehicles	Total
Opening balance - 1 July 2023	-	70	70
Additions	-	-	-
Disposals	-	(21)	(21)
Depreciation	-	(28)	(28)
Closing balance - 30 June 2024	-	21	21
Opening balance - 1 July 2024	-	21	21
Additions	2,728	-	2,728
Disposals	-	-	-
Depreciation	(342)	(4)	(346)
Closing balance - 30 June 2025	2,386	17	2,403

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 asset - Subsequent measurement

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. The right-of-use assets are also subject to revaluation.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.

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
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	2025 (\$'000)	2024 (\$'000)
Buildings at fair value	342	-
Leasehold improvements	5	7
Office and computer equipment	167	160
Motor vehicles under lease	4	28
Capitalised software development	193	194
Total depreciation and amortisation	711	389

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

	Buildings at fair value		Leasehold improvements at fair value		Office and computer equipment at fair value		Motor vehicles under lease		Assets under construction		Total	
	2025 (\$'000)	2024 (\$'000)	2025 (\$'000)	2024 (\$'000)	2025 (\$'000)	2024 (\$'000)	2025 (\$'000)	2024 (\$'000)	2025 (\$'000)	2024 (\$'000)	2025 (\$'000)	2024 (\$'000)
Opening balance	-	-	16	32	186	236	21	70	35	366	258	704
Reclassification	-	-	(15)	-	-	-	-	-	(6)	(101)	(21)	(101)
Transfers	-	-	-	-	29	-	-	-	(29)	(265)	-	(265)
Additions	2,728	-	255	-	234	117	-	-	-	35	3,217	152
Disposals	-	-	-	(9)	(12)	(7)	-	(21)	-	-	(12)	(37)
Depreciation	(342)	-	(5)	(7)	(167)	(160)	(4)	(28)	-	-	(518)	(195)
Closing balance	2,386	-	251	16	270	186	17	21	-	35	2,924	258

4.2 Intangible assets

	2025 (\$'000)	2024 (\$'000)
Capitalised software development	765	748
Less: accumulated amortisation	(592)	(398)
Total capitalised software development	173	350
Reconciliations of carrying amounts		
Capitalised software development		
Carrying amount at the start of the year	350	279
Additions	16	265
Amortisation expense (Note 4.1.2)	(193)	(194)
Carrying amount at the end of the year	173	350

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.

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.

	2025 (\$'000)	2024 (\$'000)
Contractual:		
Other receivables	228	223
Statutory:		
Regulatory licence fees	872	743
Allowance for impairment losses	(148)	(68)
GST receivables	49	46
Total receivables	1,001	944
Represented by:		
Current receivables	1,001	944

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

	Note	2025 (\$'000)	2024 (\$'000)
Impairment loss			
Impairment loss on statutory receivables	3.3	(734)	(683)

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 2025 are 100 per cent for receivables that are more than 120 days past due (30 June 2024 –from 25 per cent to 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 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 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.

	2025 (\$'000)	2024 (\$'000)
Contractual payables:		
Trade payables	88	81
Accrued expenses	771	663
	859	744
Statutory payables:		
FBT payable	-	5
	-	5
Total payables	859	749
Represented by:		
Current payables	859	749

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 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

	2025 (\$'000)	2024 (\$'000)
Current	5,721	6,262
Non-current	4,795	6,331
Total contract liabilities	10,516	12,593

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

Current other non-financial assets

	2025 (\$'000)	2024 (\$'000)
Prepayments	100	101
Total current other non-financial assets	100	101

Other non-financial assets include prepayments, which represent payments in advance of receipt of goods or services, or the part of expenditure made in one accounting period that covers a term extending beyond that 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

6.4 Commitments for expenditure

6.4.1 Total commitments payable

6.1 Borrowings

	2025 (\$'000)	2024 (\$'000)
Current borrowings		
Lease liabilities	281	5
Total current borrowings	281	5
Non-current borrowings		
Lease liabilities	2,232	20
Total non-current borrowings	2,232	20
Total borrowings	2,513	25

'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

	Weighted average interest rate %	Carrying amount	Nominal amount	Less than 1 month	Less than 1 month	3 months - 1 year	1-5 years	5+ years
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

	2025 (\$'000)	2024 (\$'000)
Interest expense on lease liabilities	117	-
Total interest expense	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).

Minimum future lease payments ^(a)

	2025 (\$'000)	2024 (\$'000)
Not longer than 1 year	388	-
Longer than 1 year but not longer than 5 years	1,645	-
Longer than 5 years	919	-
Minimum future lease payments	2,952	-
Less future finance charges	(439)	-
Present value of minimum lease payments	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*.

	2025 (\$'000)	2024 (\$'000)
Total cash and deposits disclosed in the Balance Sheet ^(a)	39,302	39,446
Balance as per Cash Flow Statement	39,302	39,446

Note:

(a) Cash and deposits bear variable interest rate with a weighted average interest rate of 4.39% during 2024-25.

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

	2025 (\$'000)	2024 (\$'000)
Net result for the period	1,384	3,945
Non-cash movements		
Depreciation and amortisation	711	389
(Gain)/loss on disposal of assets	12	(156)
Total current borrowings	2,107	4,178
Movements in assets and liabilities		
Decrease/(increase) in receivables	(57)	1,081
Decrease/(increase) in other non-financial assets	1	(37)
(Decrease)/increase in payables	85	(416)
(Decrease)/increase in contract liabilities	(2,077)	(144)
(Decrease)/increase in employee benefits	521	395
Net cash inflows from operating activities	580	5,057

Cash flows arising from operating activities are disclosed inclusive of GST.

6.4 Commitments for expenditure

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are recorded at their nominal value and inclusive of GST. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the Balance Sheet.

6.4.1 Total commitments payable

	2025 (\$'000)	2024 (\$'000)
Operating Expenditure Commitments		
Not later than one year	-	839
Later than one year and not later than 5 years	-	2,414
Total commitments (inclusive of GST)	-	3,253
Less GST recoverable	-	296
Total commitments (exclusive of GST)	-	2,957

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 are initially recognised on the date they are 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) and
- 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

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	39,350	-	1,606	-	-
Financial liabilities at amortised cost					
Trade payables ^(a)	859	-	-	-	-
Borrowings					
Lease liabilities	2,513	-	(117)	-	-
Total financial liabilities at amortised cost	3,372	-	(117)	-	-

Note: (a) The total amounts disclosed here exclude statutory amounts (e.g. GST input tax credit recoverable and taxes payable).

2023-24	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	39,446	-	1,516	-	-
Trade receivables ^(a)	223	-	-	-	-
Total financial assets at amortised cost	39,669	-	1,516	-	-
Financial liabilities at amortised cost					
Trade payables ^(a)	744	-	-	-	-
Borrowings					
Lease liabilities	25	-	-	-	-
Total financial liabilities at amortised cost	769	-	-	-	-

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 2025 (30 June 2024, \$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 Responsible persons

8.3 Remuneration of executives

8.4 Related parties

8.5 Remuneration of auditors

8.6 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.

	2025 (\$'000)	2024 (\$'000)
Net gain/(loss) on non-financial assets		
Net gain/(loss) on disposal of property, plant and equipment	(12)	156
Total net gain/(loss) on non-financial assets	(12)	156

Net gain/(loss) on non-financial assets includes unrealised and realised gains/(losses) from disposal of all non-financial assets.

8.2 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. Tim Pallas MP	Minister for Industrial Relations	01 Jul 2024	19 Dec 2024
The Hon. Jaclyn Symes MP	Minister for Industrial Relations	19 Dec 2024	30 Jun 2025
Steve Dargavel	Labour Hire Licensing Commissioner	01 Jul 2024	30 Jun 2025

Remuneration

Remuneration received or receivable by the Accountable Officer in connection with the management of LHA during the reporting period was in the range of \$370,000 - \$379,999 (2024: \$350,000 - \$359,999).

8.3 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.

Remuneration of senior executive service (including Key Management Personnel disclosed in Note 8.4)^(a)

	2025 (\$'000)	2024 (\$'000)
Total remuneration ^(a)	868	822
Total number of executives	4	3
Total annualised employee equivalents ^(b)	3.0	3.0

Note:

(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 in the related parties note disclosure (Note 8.4).

(b) Annualised employee equivalent is based on the time fraction worked over the reporting period.

8.4 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.

Significant transactions with government-related entities

During the previous financial year, LHA had the following government-related entity transactions (inclusive of GST):

	2025 (\$'000)	2024 (\$'000)
Amounts recognised as income in the Comprehensive Operating Statement		
Entity and nature of transaction		
Grants from Department of Treasury and Finance	-	(35)
	-	(35)

Key management personnel (KMP) of LHA includes the Portfolio Ministers, the Hon. Tim Pallas MP and the Hon. Jaclyn Symes MP, the Commissioner, Steve Dargavel, and members of the Senior Executive Team, which includes:

- Chief Operating Officer, Michelle Osborne
- Director of Intelligence, Compliance and Enforcement, Erin Barlow
- Director of 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.

	2025 (\$'000)	2024 (\$'000)
Compensation of KMPs ^(a)		
Total	1,240	1,174

Note:

(a) Note that KMPs are also reported in the disclosure of remuneration of executive officers (Note 8.3).

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.

8.5 Remuneration of auditors

Auditors remuneration for auditing the financial statements of LHA excluding GST for 2024-25 has been set at \$43,000 (2023-24 was \$36,000) by the Victorian Auditor-General Office (VAGO). No other benefits were received or are receivable by VAGO.

8.6 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



Direction	Disclosure	Page reference
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	<i>Local Jobs Act 2003</i>	48



7.

Reference data



Data summary

as at 30 June 2025

Total applications lodged with LHA	10,543
Total licences granted by LHA	9,371
Total current licences	5,788

Licensing data

1 July 2024 to 30 June 2025

New licence applications made	1,088
New licences granted	889
New licences granted with conditions	48
New licences granted without conditions	841
Licences refused	103
Licence applications withdrawn	53
Licence renewal applications made	648
Licence renewals granted	618
Licence renewals granted with conditions	9
Licence renewals granted without conditions	609
Licence renewals refused	3
Licence renewal applications withdrawn	10
Licence variation applications made	307
Licence variations granted	275
Licences suspended	1
Notices of intention to refuse issued	195
Warnings issued	268
Notices of intention to cancel (show cause notices) issued	418
Total licences cancelled	535
Licences cancelled by LHA	126
Licences cancelled on request*	409
Objections received against applications for a labour hire licence	3
Special Circumstances applications made	7
Special Circumstances applications granted	2
Special Circumstances applications refused	2
Special Circumstances applications were invalid (incomplete)	1
Annual reports lodged	4,176

*Note: a number of requests to cancel follow investigations and/or formal notices issues to licence holders.

Enquiries data

1 July 2024 to 30 June 2025

Telephone calls were received by our general enquiries line	7,586
Live calls	4,839
Call backs	1,426
% of phone calls from labour hire providers	87%
% of phone calls concerning the application process	43%
% of phone calls about fees	16%
% of phone calls resolved by LHA	99%
% of calls referred to other agencies	0.34%
Problems reported in the LHA Report a Problem form	347
Emails received by our enquiries mailbox	6,053
Emails sent from our enquiries mailbox	5,649
Requests for information sent to applicants and licence holders	3,306
Notifications sent to providers (including final warnings, cancellation, refusal, and suspension notices)	1,270

LHA compliance and enforcement activities

1 July 2024 to 30 June 2025

Investigations finalised	335
Matters remain under current investigation	262
Number of field activities	145

Common compliance and enforcement issues

1 July 2024 to 30 June 2025

Prohibited conduct - Unlicensed providers	305
Labour hire industry laws - fit and proper person, compliance with conditions, notification of changes	135
Fit and proper person	51
Labour hire industry laws	39
Compliance with licence conditions	21
Notify of certain / prescribed changes	24
Other laws - tax, superannuation, workers compensation, migration, accommodation	121
Superannuation laws	40
Taxation laws	38
Transport laws	1
Migration laws	23
Accommodation standards	16
Workers' compensation	3
Workplace laws - Underpayment	82
Prohibited conduct - Engaging unlicensed provider, advertising without a licence, avoidance	90
Prohibited conduct - Advertising without a licence	55
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Prohibited conduct - Avoidance arrangement	4
Workplace laws - Cash payments	63

Common compliance and enforcement issues (con't)

1 July 2024 to 30 June 2025

Workplace laws - Payslips and records, LSL, IFAs, deductions	32
Workplace laws - Payslips and employee records	21
Workplace laws - Long Service Leave	6
Workplace laws - Deductions	1
Workplace laws – Individual flexibility arrangements (IFAs)	2
Apprentices / trainees	2
Workplace laws - Sham contracting	40
Occupational Health and Safety	31
OHS - Bullying, harassment and discrimination	8
OHS - Induction	5
OHS - Personal Protective Equipment (PPE)	2
OHS - Other	16
Inspection offences	23
Provide incorrect, false or misleading information	13
Comply with a notice to produce	3
Make documents available for inspection	2
Offences - LHA inspections and investigations	2
Make Nominated Officer available	1
Failure to provide Director identification	2

Communications and engagement data

1 July 2024 to 30 June 2025

Mentions of LHA in news media	202
Stakeholder engagement activities	52
LHA website - number of visits	132,000
LHA news monthly e-newsletter - number of subscribers at 30 June	14,372

Labour hire providers by industry
as at 30 June 2025

	#	%
Cleaning	1,927	20.08%
Professional, scientific & technical services (including IT)	1,059	11.03%
Construction	674	7.02%
Health care & social assistance	577	6.01%
Providers with no associated industry	507	5.28%
Security, public administration & safety	455	4.74%
Manufacturing	431	4.49%
Administrative & support services	430	4.48%
Horticulture	416	4.33%
Transport, postal & warehousing	406	4.23%
Agriculture	365	3.80%
Information media & telecommunications	346	3.61%
Financial & insurance services	301	3.14%
Education & training	265	2.76%
Other services (including repair & maintenance, person & other services)	254	2.65%
Electricity, gas, water & waste services	219	2.28%
Retail trade	188	1.96%
Hospitality	179	1.87%
Meat manufacturing & processing	172	1.79%
Mining	107	1.11%
Accommodation & food services	105	1.09%
Wholesale trade	87	0.91%
Arts & recreation services	70	0.73%
Rental hire & real estate services	57	0.59%

Other statistics
as at 30 June 2025

Number of providers that supply transportation to labour hire workers	454
Number of providers that do not supply transportation to labour hire workers	5,334
Number of providers that supply accommodation to labour hire workers	180
Number of providers that do not supply accommodation to labour hire workers	5,608
Number of providers that supply workers with visas to hosts	1,741
Number of providers that do not supply workers with visas to hosts	4,047

Publication and copyright

Published by the Labour Hire Authority.

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The Labour Hire Authority (LHA) is the business name of the Labour Hire Licensing Authority ABN 89 900 498 344.

October 2025

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ISSN (print): 3083-4228

ISSN (online/PDF): 3083-421X

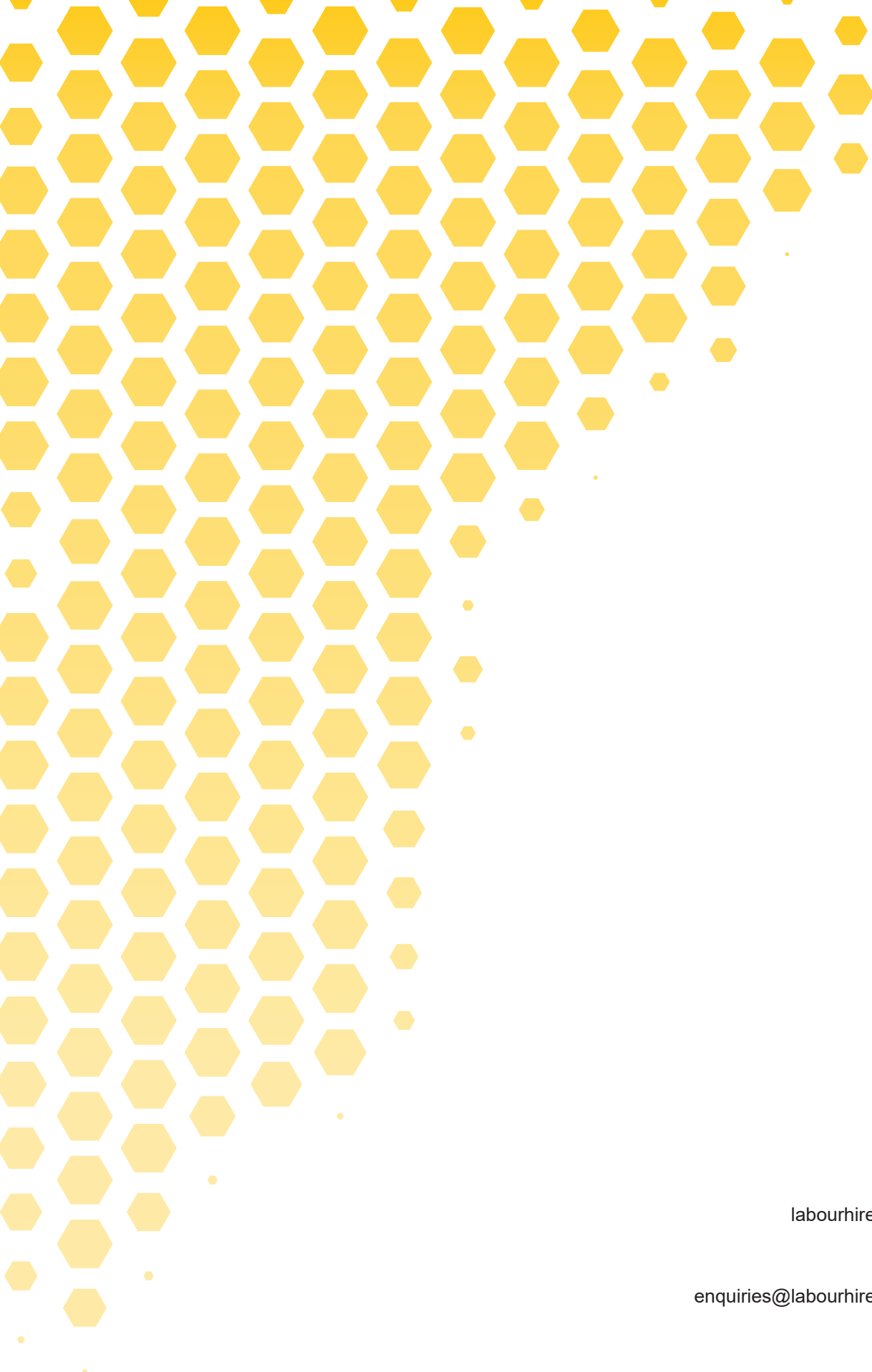
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