

Regulatory Approach



LABOUR
HIRE
AUTHORITY

OFFICIAL

Acknowledgement of Traditional Owners

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

The Labour Hire Authority also recognises that our 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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About us

Our vision

A fair and lawful labour hire industry where all workers in Victoria are safe and free from exploitation

Our role

The Labour Hire Authority (LHA) regulates Victoria's labour hire industry under the *Labour Hire Licensing Act 2018* (Vic).

This statement outlines how LHA regulates labour hire to protect workers and improve integrity and transparency across the industry.

Established in 2019, LHA is an independent statutory authority administering the Act and the Labour Hire Licensing Regulations 2018 (Vic).

Our key functions are to:

- administer the labour hire licensing scheme
- promote, monitor, investigate and enforce compliance with the Act and Regulations.
- maintain the public register of licensed providers
- share information with other agencies to achieve regulatory objectives
- educate providers, hosts, and workers on their rights and obligations.

Our strategic priorities

Our strategic priorities are to:

- create and maintain a fair and lawful labour hire industry
- achieve high impact compliance and enforcement outcomes
- educate and engage with industry and community
- be a great place to work that is safe, agile, collaborative and well governed.

Our effectiveness

We measure effectiveness by assessing:

- outcomes of licensing, compliance, and enforcement actions
- trends in industry compliance
- effectiveness of education campaigns
- feedback from stakeholders.

Harms in the labour hire industry

Government inquiries identified systemic harms in the labour hire industry, leading to the establishment of LHA and the expansion of our powers.

Key inquiries

Forsyth Inquiry (2015–2016)

Identified widespread underpayment, unsafe work, non-payment of entitlements, poor accommodation, tax avoidance, and unlicensed operations across the labour hire industry.

Wilson Review (2024)

Highlighted serious issues in construction, including the infiltration of organised crime and outlaw motorcycle gangs, and attempts to avoid the protections of the licensing scheme through the use of shadow directors.

Harms we seek to minimise

- **Worker exploitation:** Underpayment of employee entitlements, sham contracting, unsafe work, and modern slavery.
- **Unlicensed labour hire:** Engaging or providing labour hire without a licence, which undermines worker protections, disadvantages compliant businesses and compromises integrity.
- **Unlawful practices:** Illegal phoenix activity, use of cash to avoid obligations or fraud detection.
- **Supply chain transparency:** Use of complex supply chains to illegitimately minimise costs, obscure operators lower in the chain from regulators and disguise the true employer of workers.
- **Workplace law breaches:** Non-compliance with safety, tax, and employment obligations.
- **Criminal activity:** involvement of organised crime and outlaw motorcycle gangs, and the use of labour hire to facilitate criminal activity, including money laundering.

Regulatory approach

Aligned with better practice identified by Better Regulation Victoria, LHA takes a risk-based, intelligence-led, and outcomes-focused approach.

Our priorities are to:

- protect workers from exploitation
- prevent and respond to key harms using proportionate licensing, compliance, and enforcement tools
- promote compliance with the Act, educate and inform industry stakeholders to improve transparency, integrity and accountability.

Compliance protects workers and ensures a level playing field for ethical businesses. Non-compliance harms workers, distorts competition, and damages trust.

Providers and hosts can expect:

- clear explanations for decisions and the opportunity to be heard
- consistent application of the Act, policy and procedure
- regulatory decisions that are independent, evidence-based, and free from external influence
- access to internal and external review processes, including VCAT.

Regulatory posture

LHA expects labour hire providers and hosts to demonstrate a genuine willingness and capacity to comply with their legal obligations. We support compliance through a range of industry engagement, education and guidance activities and materials.

LHA acts firmly and decisively where hosts or unlicensed providers avoid or undermine the scheme, and to address significant compliance issues such as those highlighted in the Forsyth Inquiry and Wilson Review.

LHA takes proportionate enforcement action to address non-compliance that:

- is deliberate and/or repeated
- poses a risk to workers
- compromises industry integrity or transparency
- demonstrates a lack of capacity to comply.

We aim to be a regulator that:

- **Deters non-compliance:** Visible, credible enforcement that discourages non-compliance.
- **Is transparent:** Public access to information on licensed providers and LHA actions.
- **Is trusted:** Workers and the community have confidence in our regulation.
- **Is outcome-focused:** Our resources are directed at those practices and risks that cause the greatest harm and where we can have the strongest impact on improving the lived experience of workers and creating a level playing field for businesses doing the right thing.

Amendments to the Act strengthen LHA's capacity to exclude businesses and individuals from the industry that are unsuitable to operate a labour hire business or are not willing and able to comply with their legal obligations.

LHA will use the legislative amendments impactfully and effect real change in the labour hire industry by achieving our regulatory outcomes.

Risk-based and intelligence-led approach

We focus on areas where the risk of harm is highest, considering:

- industry
- capacity of the business to comply with the law
- compliance history
- worker vulnerability
- intelligence and complaints from regulators, law enforcement or the public.

Our regulatory outcomes

We aim for a labour hire industry that is:

- **Licensed:** All labour hire providers are suitable, have capacity to comply with the law and hold valid licences.
- **Compliant with laws:** Providers and hosts meet workplace and licensing obligations.

We effectively regulate the industry by:

- keeping unsuitable operators out of the scheme and only licensing labour hire providers with the financial viability, capacity, and willingness, to comply with the law
- cancelling labour hire licences of providers that do not comply with their legal obligations, and/or are not suitable or capable of running a labour hire business
- prosecuting providers and hosts for civil penalties and criminal offences to penalise unlawful conduct and deter others
- acting against hosts who create demand for, and enable, unlicensed operations
- applying standard licence conditions to high-risk licences to:
 - prevent worker misclassification and sham contracting
 - ensure labour hire workers are aware of their rights and are kept safe at work

- limit the use of cash payments which hide unlawful practices such as worker underpayment, unlicensed labour hire, and illegal activities such as money laundering and phoenixing
- lift the standard of accommodation provided to workers and ensure compliance with minimum accommodation standards
- conducting targeted compliance monitoring activities and inspections in high-risk industries
- providing clear, accessible guidance and education
- engaging directly with providers, hosts and other stakeholders
- publishing information on our activities and performance to promote compliance
- working with other regulators and law enforcement bodies
- engaging with peak bodies and community groups to strengthen our understanding and response to harms in the industry, and to promote compliance.

Collaborating with regulators and partners

We achieve better results through coordination and shared intelligence. This includes:

- shared priorities with peer regulators
- joint action on overlapping harms
- minimising duplication and adopting ‘collect once, use many times’ principles.

We work with key regulators, law enforcement and joint agency taskforces including:

- Australian Taxation Office
- Fair Work Ombudsman
- Phoenix Taskforce
- Workplace Inspectorate Victoria
- WorkSafe Victoria
- Victoria Police.

We coordinate with these bodies where responsibilities overlap to deliver consistent, efficient regulation and high impact outcomes.

Where appropriate, we formalise arrangements through agreements and data sharing frameworks.

Version control

Version number	Endorsed on	Endorsed by
1.0	26 May 2026	LHA Executive Committee