

Guidance for providers

Licence conditions restricting cash payments

Labour hire licensing acts to protect workers and support industry transparency and integrity, through a range of checks on labour hire businesses and the people operating them.

In circumstances where heightened risks of worker exploitation and unlawful conduct are identified, the Labour Hire Authority (LHA) applies licence conditions to further address these risks.

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

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

Licence conditions restricting cash payments

Cash payments to workers and subcontractors reduce transparency and increase the risk of harm to workers, legitimate businesses and the wider community.

Cash payments are correlated with higher incidences of underpayment of wages, non-payment of superannuation, avoidance of tax obligations, and failure to pay WorkCover insurance.

LHA may restrict cash payments by providers to workers and subcontractors by applying conditions:

- to individual licences, where LHA identifies higher-risk circumstances
- as part of standard licence conditions, for providers operating in high-risk industries.

Standard licence conditions

For providers operating in industries with higher risks of worker exploitation and unlawful conduct, LHA applies standard conditions to all new licences, as well as progressively to existing licences.

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

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

Other licence requirements

To maintain their licence, labour hire providers must comply with any licence conditions, as well as with their other legal and licensing obligations, including to:

- comply with relevant laws and standards
- ensure all relevant persons are 'fit and proper'
- notify LHA within 30 days of changes to the business or its relevant persons
- provide annual reporting and respond to LHA communication.

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Cash payments: what you need to do

To comply with the licence conditions restricting cash payments, labour hire providers should make all payments to workers or subcontractors related to labour hire services:

- by electronic transfer
- with an authorised deposit-taking institution (for a list, see the [APRA website](#))
- into an account in the name of the worker or subcontractor.

Do not make cash payments to workers or subcontractors – including for wages, entitlements, reimbursements and amounts owed – unless it is an emergency or specifically authorised by LHA.

Keep records – such as copies of invoices or pay slips – for all payments to workers and subcontractors, to ensure you have evidence of how and when each payment was made.

Cash payments may be made in limited circumstances – in an emergency, or where they are authorised by LHA.

Making emergency payments

You can make a one-off cash payment if electronic payment is temporarily impossible – such as where a worker loses access to their bank account.

You must provide an explanation and relevant records to LHA within seven days, by email to enquiries@labourhireauthority.vic.gov.au

Requesting authorisation

Within 14 days of the conditions restricting cash payments being applied, you can make submissions or an objection to LHA, which will be considered in LHA's decision to apply licence conditions.

Outside of this 14-day period, you may apply to LHA to vary your licence conditions if you have specific and significant reasons why these standard conditions should not apply. Applications can be submitted by email to enquiries@labourhireauthority.vic.gov.au

More information

Further information about licence conditions is available on the LHA website:

labourhireauthority.vic.gov.au/licence-conditions

For general enquiries on labour hire licensing or licence conditions, contact LHA's Enquiries team by email at enquiries@labourhireauthority.vic.gov.au or by phone on 1300 545 200. For advice on your specific circumstances, LHA recommends engaging a reputable business or legal adviser.



labourhireauthority.vic.gov.au

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