

A photograph of a male worker in a straw hat, red long-sleeved shirt, and high-visibility yellow vest, wearing gloves and picking fruit from a tree into a white crate. The background is a lush green orchard. A large yellow diagonal banner covers the top left portion of the image.

# Labour Hire Authority Annual Report 2023-24

Making it fair for  
Victorian labour hire  
workers and providers



LABOUR  
HIRE  
AUTHORITY



VICTORIA  
State  
Government



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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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### **Labour Hire Authority**

PO Box 393

Bendigo Victoria 3552

**T:** 1300 545 200

**W:** [labourhireauthority.vic.gov.au](http://labourhireauthority.vic.gov.au)

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

*October 2024*

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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 2024.



**Steve Dargavel**

Labour Hire Licensing Commissioner  
1 October 2024





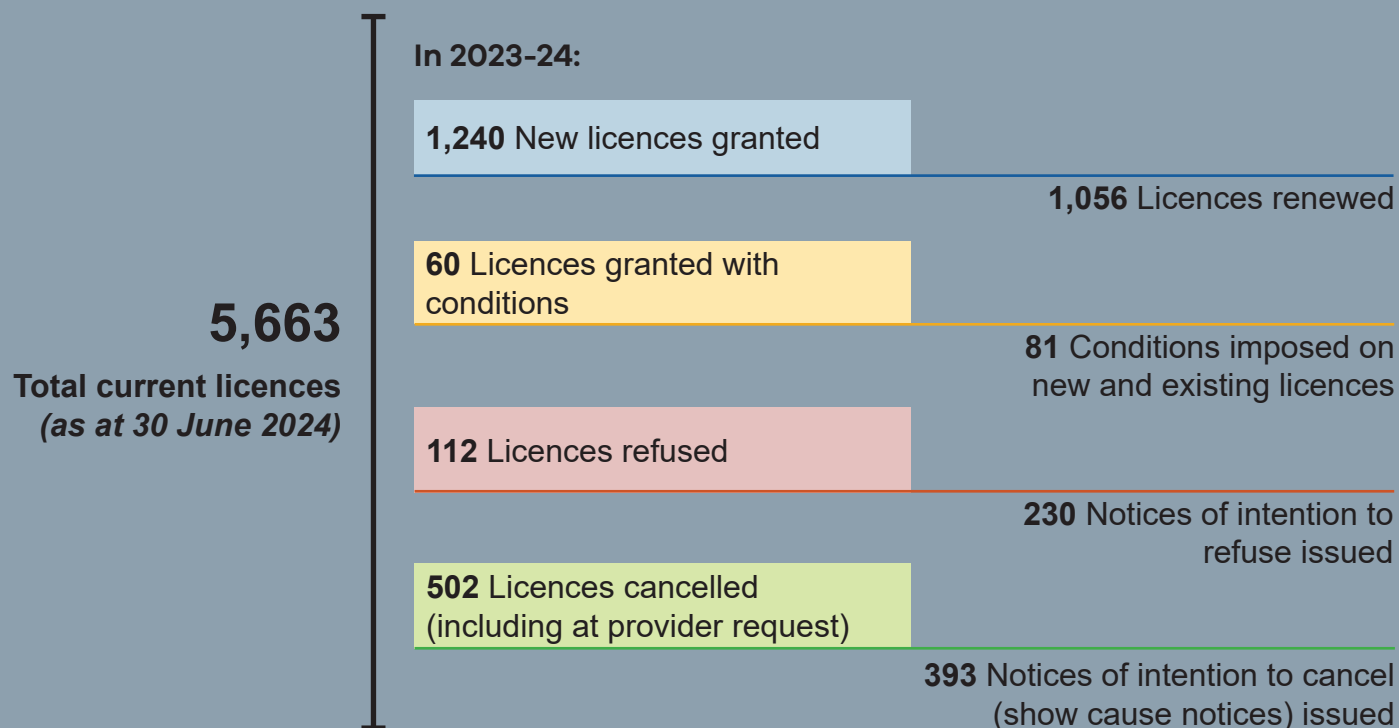
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## YEAR IN REVIEW



# Key statistics

## Licensing data



## Enquiries data

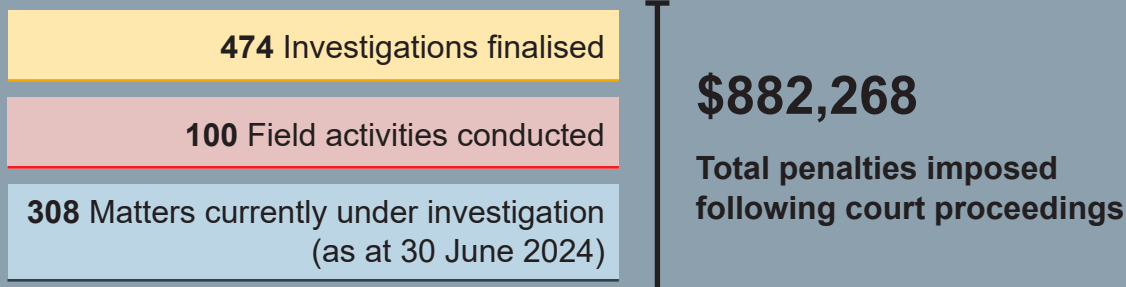
In 2023-24:



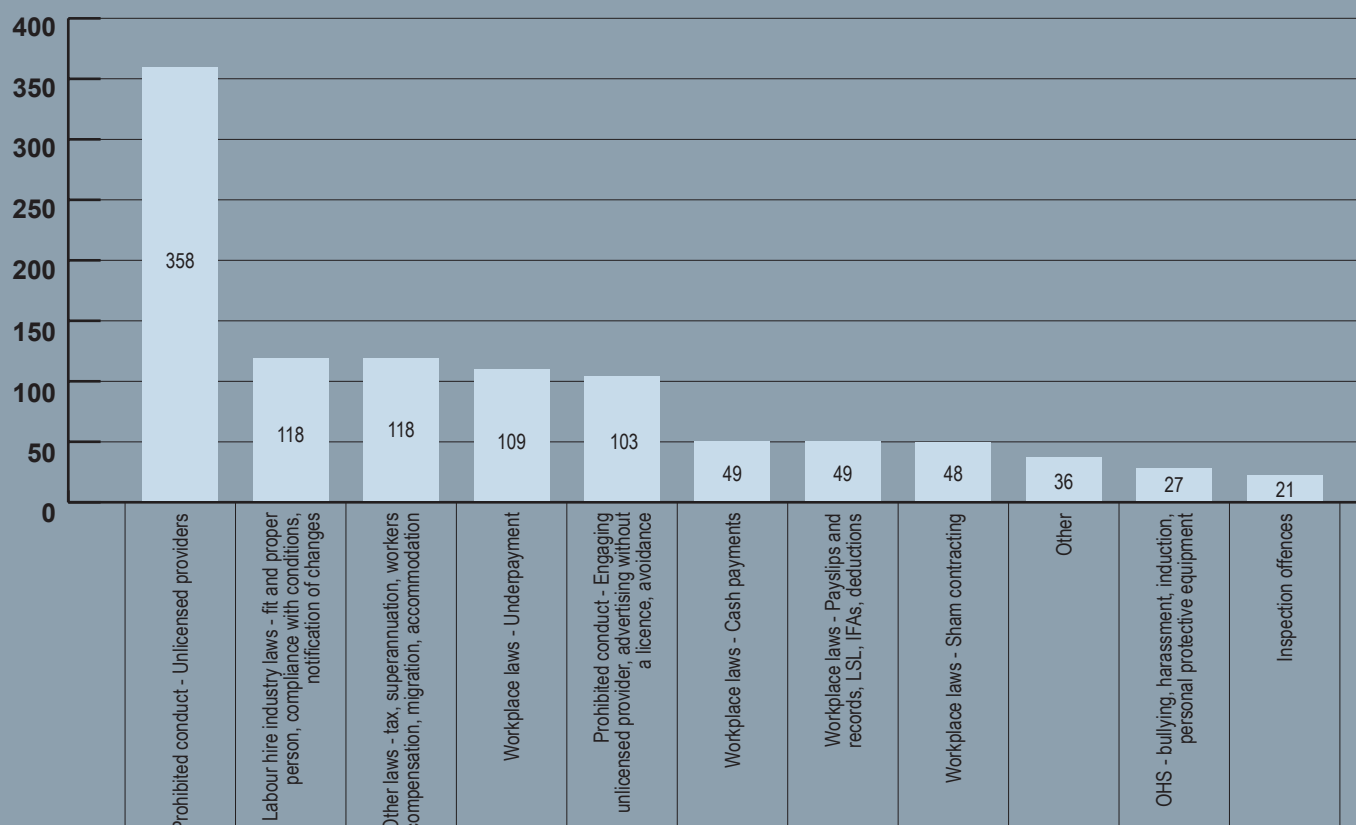


## Compliance and Enforcement data

In 2023-24:



Most common issues in 2023-24:



## Communications and engagement data

In 2023-24:

**442** Mentions of LHA in news media

**81** Stakeholder engagement activities

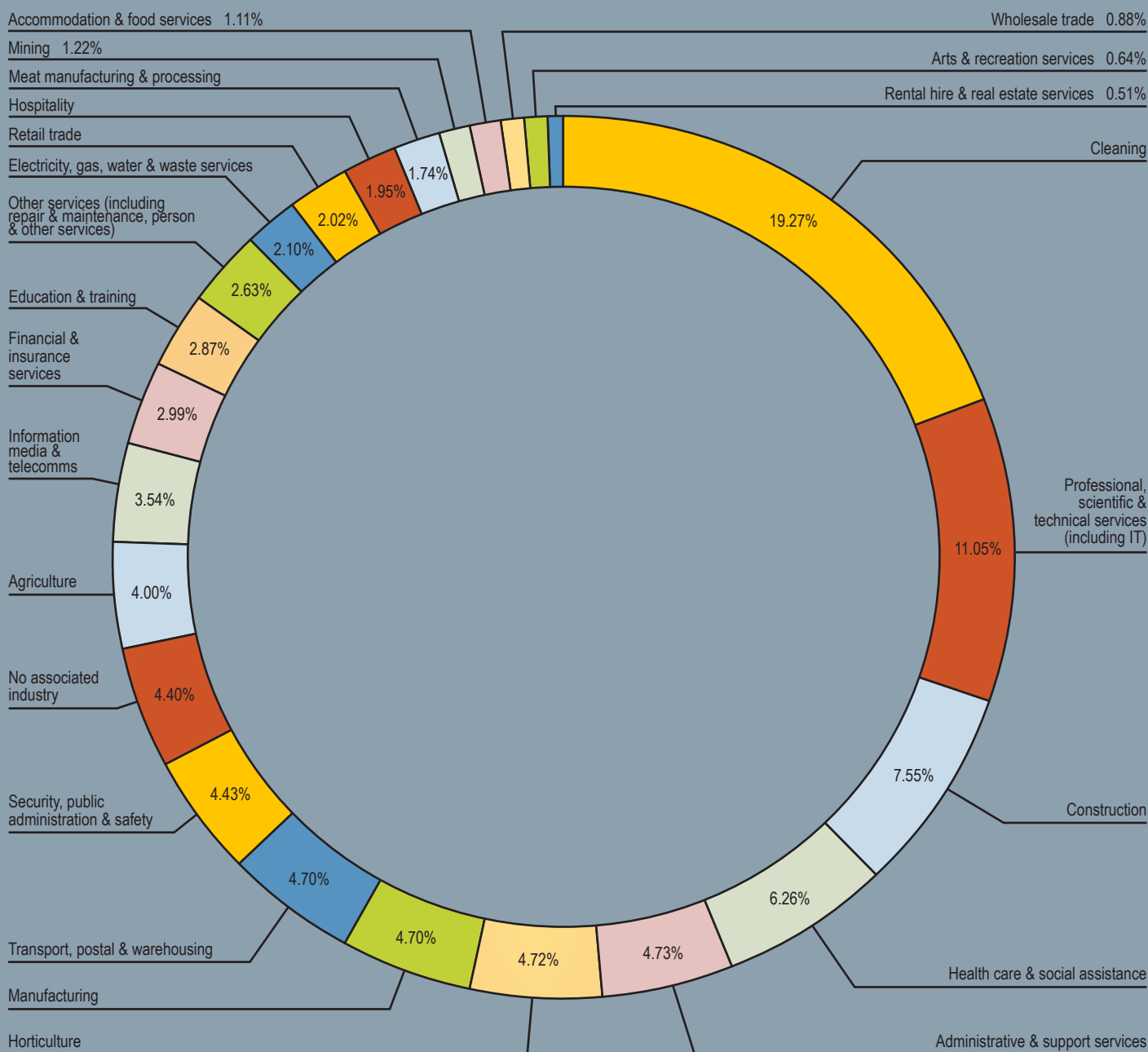
**141,571** LHA website - number of visits

**12,315** LHA news monthly e-newsletter  
Number of subscribers at 30 June



# Key statistics

## Labour hire providers by industry as at 30 June 2024

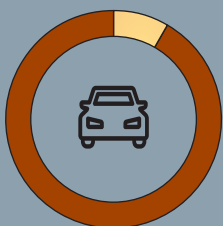
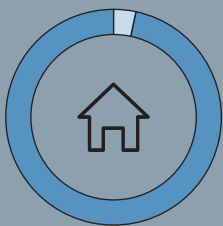



**Note:** We gather this information from labour hire providers that are asked to list the top industries they provide workers to and must declare if they provided workers to the prescribed industries of horticulture, meat manufacturing and processing, poultry processing and cleaning in commercial premises. Providers may nominate multiple industries. Other measures may be used to determine the proportional coverage of labour hire in Victoria.



## Other statistics

as at 30 June 2024

		2023-24	2022-23	2021-22	2020-21
	providers that supply transportation to labour hire workers	476	493	505	599
	providers that <i>do not</i> supply transportation to labour hire workers	5,187	4,746	4,804	5,389
	providers that supply accommodation to labour hire workers	190	195	203	240
	providers that <i>do not</i> supply accommodation to labour hire workers	5,473	5,044	5,106	5,748
	providers that supply workers with visas to hosts	1,730	1,606	1,711	1,828
	providers that <i>do not</i> supply workers with visas to hosts	3,933	3,633	3,598	4,160



# About the Labour Hire Authority

The Labour Hire Authority (LHA) is an independent statutory body established under the *Labour Hire Licensing Act 2018* (Vic) (the Act).

The Victorian Government established LHA in 2019 in response to the Victorian Inquiry into the Labour Hire Industry and Insecure Work. The Inquiry uncovered widespread abuse and exploitation of labour hire workers across Victoria.

Tim Pallas MP, Minister for Industrial Relations, is the Minister responsible for LHA for the financial year 1 July 2023 to 30 June 2024.

The Labour Hire Licensing Commissioner is a statutory appointee responsible for administering the Act, supported by a dedicated team who undertake regulatory and corporate services functions.

LHA's values, vision and purpose direct the manner in which LHA carries out its legislative functions.



# Message from the Labour Hire Licensing Commissioner

I am pleased to present the Labour Hire Authority *Annual Report 2023-24*.

This report sets out how LHA has developed to record its most successful year since commencing operations in 2019.



In 2023-24, LHA's regulatory reach broadened and the impact of our work deepened. We set new benchmarks and met new challenges to protect workers from exploitation and improve the integrity and transparency of the labour hire industry.

This report highlights a range of the year's achievements, including that:

- more labour hire providers are now licensed than ever before, with 5,663 licensed providers as of June 2024.
- almost twice the number of investigations were finalised than in any previous year, with 474 completed.
- new regulatory treatments were introduced, enabling a wider range of harms to be addressed.
- more legal actions were finalised than in all previous years combined, including a case that set a new Australia-wide record penalty for breaches of labour hire law, with a total of \$617,916 awarded.
- there were record levels of engagement and interest in LHA activities, with 81 stakeholder sessions held, over 140,000 website visits and 442 mentions of LHA in the news media.

Beyond the benchmarks, LHA focused this year on strategic initiatives to support sustainable improvements in compliance, including:

- enhanced data analytics, intelligence sharing and licence monitoring capabilities, empowering us to identify and address compliance risks more proactively
- expanding our compliance program involving more industry areas and additional and emerging harms
- educating stakeholders – through targeted engagement, communication campaigns, and upgrades to the LHA website, portal and licence register.

As well as achieving progress towards some leveling of the playing field for businesses, and securing immediate benefits to workers, these and other strategic initiatives position LHA to deliver on its remit into the future.

LHA's progress in 2023-24 is thanks to the work of our talented and committed team. It is a testament to their dedication and professionalism that this year's outstanding results came alongside staff recording high degrees of job satisfaction, engagement and inclusion.

**Steve Dargavel**

Labour Hire Licensing Commissioner



# 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 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 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 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 Act.

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

- finance services
- information and communications technology support
- communication, education, and engagement advice
- people and culture support
- strategy and governance advice.



# Our values





## The year in review

The LHA Strategic Plan 2022-27 outlines the four strategic priorities that guide our regulatory, operational and organisational functions. In 2023-24, LHA made important progress against each of these priorities:

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

## Create and maintain a fair and lawful labour hire industry

LHA continued to create and maintain a fair and lawful labour hire industry in 2023-24 by refining its licence application assessment practices. This has helped to ensure that only fit and proper providers are permitted to be licensed in Victoria and that providers understand and are accountable for compliance with relevant workplace laws, including occupational health and safety, taxation, superannuation, migration and labour hire industry laws, and accommodation standards.

To protect vulnerable workers and help ensure that compliant businesses are able to compete, the Labour Hire Licensing (LHL) Scheme creates a barrier to entry into the Victorian labour hire industry for those providers who are not fit and proper, or who demonstrate that they are not willing or able to comply with those laws.

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

### Licensing data trends

Since commencement in April 2019, LHA has granted a total of 8,482 labour hire licences and at 30 June 2024, 5,663 of those remain in force.

In 2023-24:

- there was a 6% increase in licence applications, in part driven by LHA's stakeholder engagement, education and communication activities.
- LHA granted 1,240 new licences and renewed 1,056 licences.

In addition, LHA refused 112 licence applications and 2 renewal applications in 2023-24. Reasons for a refusal included concerns about whether applicants or relevant persons are 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 2023-24, LHA received 8,336 calls to our enquiries line and 6,531 emails to our enquiries inbox. Overall, this was a 3.7% increase in total enquiries from the previous financial year.

The majority of enquiries received were from providers seeking assistance in matters relating to their application or licence, such as fee queries, application status and licence expiry.

### Annual reporting obligations and licence fees

Licence holders are required to provide LHA with annual reports about their business activities and compliance with relevant laws, as well as pay an annual licence fee.

Reporting obligations help ensure that labour hire providers are effectively monitored so that LHA can identify and address non-compliance. LHA notifies licence holders through our online portal and via SMS of upcoming, current, and overdue annual reports and licence fees. These notifications include warning a licence holder that their licence may be cancelled if they do not comply.

In 2023-24, LHA received and evaluated 3,154 annual reports from licence holders.

LHA issued 393 notices of intention to cancel ("show cause" notices) to licence holders with the majority resulting from failure to lodge annual reports or pay annual licensing fees.

Resulting from the "show cause" process, LHA cancelled 138 licences for non-compliance in 2023-24. A further 364 licences were cancelled at the request of the licence holder including a number who cancelled during the course of enquiries conducted by LHA regarding compliance with relevant laws.

### Case Study: Licence cancellation due to change in fit and proper person

*Based on information published by the Australian Securities and Investments Commission (ASIC), LHA determined that a relevant person associated with a licence holder was an officer of a company that had become insolvent or was externally administered within the last five years. These facts meant that the relevant person was not fit and proper.*



*Licence holders are required to notify LHA if a relevant person ceases to meet the fit and proper requirements within 30 days of becoming aware of that change. In this instance, the licence holder did not inform LHA about the change to the fit and proper status of the relevant person.*

*LHA issued a “show cause notice” about its intention to cancel the licence and provided the licence holder with an opportunity to provide a written response. LHA did not receive a response and, considering all the circumstances, cancelled the licence.*

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## The right wages and conditions

To help prevent worker exploitation, LHA pays close attention to how a licence applicant will ensure that their workers receive the right pay and conditions, including by checking the accuracy of the industrial instrument (such as the award, contract, enterprise agreement, piecework agreement) nominated in the application form.

LHA regularly imposes licence conditions requiring providers to report payroll information, so that we can monitor a provider’s compliance with the correct industrial instrument over a period of time.

In circumstances where LHA is not satisfied with the information provided about this core obligation, we may refuse the application or cancel the licence.

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### Case Study: Applicants must understand and apply the correct pay and conditions

*An applicant for a labour hire licence must state which industrial instrument determines the terms and conditions of the employment or engagement of their workers.*

*An applicant’s understanding of the terms and conditions of employment to be used in a labour hire business, is an important indicator of the risks of exploitation faced by labour hire workers.*

*A licence applicant seeking to provide labour hire in the health care and social assistance industry did not specify the industrial instrument that would be used to ensure correct terms and conditions of employment.*

*LHA contacted the applicant for information about the correct industrial instrument. While the applicant did provide further information to LHA, they could not accurately identify the correct pay rates or awards that would apply to their employees.*

*As the applicant could not provide information to satisfy LHA that they understood and could comply with their legal obligations under the Fair Work Act, LHA refused to approve the licence.*

## Unlicensed provision of labour hire services

Where there is information that an applicant has been providing labour hire services without a licence, LHA may refuse the application and may commence proceedings for breaches of the *Labour Hire Licensing Act 2018* (LHL Act). Hosts also risk prosecution if they enter into an arrangement for labour hire services with an unlicensed provider.

LHA encourages labour hire providers who are genuinely unaware of the requirement for a licence or who have been incorrectly advised about the need for a licence to apply for a licence and be honest about their circumstances.

## Identifying and responding to high-risk licence applications

LHA continues to improve its licence application assessment processes to identify applications that present a high risk of non-compliance by considering its intelligence holdings, a range of publicly available data, and information obtained from other Victorian, interstate, and Commonwealth agencies.

This risk-based and intelligence-led approach better equips LHA to refuse licence applications in identified cases, preventing unsuitable providers from providing labour hire services. LHA can also impose appropriate and proportionate conditions on other labour hire providers to help ensure that they comply with their legal obligations to workers.

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### Case Study: Applications that do not meet the fit and proper person test may be refused

*LHA found that a licence applicant had incorrectly declared that a relevant person was fit and proper when our enquiries found that the relevant person:*

- *was an officer of a company that had been in administration in the past five years*
- *had been disqualified from managing corporations*
- *was involved in other deregistered companies and companies in administration over a significant period of time.*

*These findings indicated that there was a risk around the person’s capacity to comply with the requirements of the LHL Act.*

*LHA asked the applicant whether there was any reason we should use our statutory discretion to approve the licence application, which may be exercised where there is a finding that the relevant person was not fit and proper, but the applicant did not provide information to support exercising this discretion.*

*LHA issued a notice of intention to refuse the licence, after which the applicant withdrew their application.*



*LHA will continue to monitor the applicant to ensure that they do not engage in prohibited conduct by advertising or providing labour hire services.*

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Where providers demonstrate that they are unwilling or unable to comply with the LHL Act, negatively affecting the regulatory environment, or are engaging in high impact harms, LHA will refuse to approve or renew a licence.

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### **Case Study: Applications that do not meet the fit and proper person test may be refused**

*When assessing a security provider's licence application, LHA identified multiple risks of non-compliance with legal obligations, including:*

- *contract prices with hosts being insufficient for the business to meet its legal obligations*
- *suspected prohibited conduct by subcontracting to an unlicensed provider*
- *employee misclassification and/or harm to workers engaged as independent contractors*
- *the portable long service leave levy not being paid on behalf of employees*
- *underpayment of employees*
- *non-compliance with record-keeping obligations and workers' compensation laws.*

*LHA sent a number of requests for information to the business's nominated officer, seeking information to verify whether the applicant in fact complies with its legal obligations.*

*While the nominated officer provided some of the requested information, they did not address LHA's concerns. Other information was only provided after delays and deadline extensions, and some information was not provided at all.*

*In this case, LHA decided to refuse the application, due to the risks of non-compliance and the business's failure to provide satisfactory responses to our information requests.*

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### **Harms focus: harms associated with independent contractors**

During the licence application process, LHA pays close attention to providers who supply or intend to supply workers as independent contractors. Workers are more likely to be misclassified as independent contractors in industries with relatively high labour input, proportionately low wages, and limited training, such as horticulture and security. Misclassifying workers can result in underpayment of wages, taxation, and superannuation.

Where LHA identifies high risk arrangements, we provide information to licence applicants about their obligations, with the goal of influencing behavioural change to reduce risk factors and improve compliance. Where appropriate, we also place conditions on the licence to ensure compliance. In circumstances where LHA cannot be satisfied that the provider is capable of complying with the law, we may refuse a licence application.

LHA has published guidance for labour hire providers who engage workers as independent contractors on the [LHA website](#). By providing information to applicants about their obligations right from the start, they are better able to comply with the requirements of being a licensed labour hire provider.

### **Harms focus: Illegal phoenix activity**

Illegal phoenix activity 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 national economy in excess of \$5 billion per year.

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

LHA pays careful attention to applications with a phoenix risk. We scrutinise whether all relevant persons have been disclosed and whether the director complies with relevant laws. If LHA is not satisfied with the information provided it may refuse the licence application.

### **Continuing to enhance the labour hire licensing scheme**

LHA will continue to improve systematic licence monitoring in 2024-25 to better ensure labour hire provider compliance over the life of a licence.

The enhanced monitoring program will focus on detailed review of annual reports and renewal applications where risk factors are identified, as well as the fit and proper status of company directors, ongoing compliance with workers compensation requirements, and the accuracy of licence fees payable consistent with company turnover.

LHA will also audit licence holders to ensure mandatory notification obligations are met and that changes to their licences including changes of directors and changes to the fitness and propriety of relevant persons are notified within the mandatory period.



LHA will also audit cancelled and expired licence holders to ensure that they are not engaging in prohibited conduct by operating without a valid licence. We will also continue to develop our LHLO portal to improve licence holder engagement with LHA, and make document and information requirements easier to understand and navigate.

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## 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 outcomes across industries, occupations and regions. The Compliance and Enforcement Program 2023-24 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 and 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. LHA works closely with other regulators including:

- National Phoenix Taskforce
- Australian Taxation Office
- Australian Border Force
- Fair Work Ombudsman
- Australian Federal Police
- Victoria Police, including its Licensing Regulation Division
- Queensland Labour Hire Licensing and Compliance Unit
- Department of Employment and Workplace Relations – Pacific Australia Labour Mobility (PALM) scheme
- Consumer Affairs Victoria
- ASIC
- Local councils
- Victorian Registration and Qualifications Authority

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. We consider firmer compliance actions such as licence conditions, cancellations or court proceedings where providers are deliberately non-compliant or lack the capacity to comply with their legal obligations, which indicates a high likelihood of worker exploitation.

## LHA compliance activities in the field

In 2023-24, compliance officers completed 100 field activities with hosts, providers and workers and finalised 474 investigations. The most commonly examined issues in 2023-24 are detailed in the graph under ‘*Compliance and Enforcement*’ in *Key Statistics* section.

## 2023-24 enforcement outcomes

LHA is committed to using the full range of regulatory tools where appropriate and has strengthened its approach to enforcement through court proceedings and other legal action. LHA took enforcement action in the Supreme Court of Victoria against 10 companies and 9 individuals in 2023-24. Significant outcomes included:

- the highest penalty in Australian history for breaches of labour hire law against one company
- obtaining a freezing order preventing a company and its director from dealing with or disposing of assets – a first in Australian labour hire regulation
- succeeded in our first prosecution of a host business.

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### Case studies – LHA’s enforcement outcomes in 2023-24

#### **Highest penalty for breaches of labour hire law imposed on unlicensed provider in the horticulture industry**

*A horticulture labour hire provider was issued a total penalty of \$617,916 – the highest in Australian history for breaches of labour hire law – following LHA proceedings in the Supreme Court of Victoria.*

*The Court found that A L Star Express Pty Ltd knowingly contravened the LHL Act by repeatedly providing workers after its application for a labour hire licence was refused.*

*The company supplied the workers through an intermediary to three separate businesses, and directly to another business, to perform horticulture work in regions including Rosebud, Koo Wee Rup, Torquay and Devon Meadows.*

*The Court issued penalties for each of the four contraventions of the LHL Act and considered the conduct as a whole when awarding the significant total penalty.*

*In its judgment, the Court noted that the contraventions “must be characterised as serious”, and that the penalty “needs to be sufficiently high not to be the ‘price of doing business’”.*



## **Company and director fined for engaging seven unlicensed labour hire providers to source workers in the horticulture industry**

*A Victorian company and its director were fined for engaging seven unlicensed labour hire providers to source workers for orchards in the Cobram area, in LHA's first prosecution of a host business.*

*The Supreme Court of Victoria issued penalties of \$211,481.60 against Honey Bunny Global Pty Ltd, and \$52,870.40 against its director, Surawadee Tanchote. Under the LHL Act, the same maximum penalties apply for engaging an unlicensed labour hire provider as those for providing unlicensed labour hire services.*

*Labour hire providers who act as intermediaries and on-supply workers from other labour hire businesses must ensure they only enter these arrangements with other licensed providers, as well as ensuring they have a licence to provide labour hire services themselves.*

*Honey Bunny Global and its director had cooperated with LHA investigations; in determining the penalties, the Court noted the contrition and remorse expressed by Tanchote.*

---

LHA also commenced a number of matters across multiple industries in 2023-24 which are ongoing, including for providing unlicensed labour hire services and for failing to notify LHA that relevant persons were no longer fit and proper.

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## **Case study – Action taken against unlicensed providers in construction industry**

*LHA filed proceedings in the Supreme Court of Victoria alleging several companies engaged unlicensed labour hire providers to supply workers in Victoria's construction industry.*

*A total maximum penalty of \$5,538,528 applies for the alleged breaches, under the LHL Act.*

*LHA alleges that Rocktown Pty Ltd engaged two unlicensed subcontractors, Unitted Construction Pty Ltd and Unitted Landscaping Pty Ltd, to supply workers to undertake work on prefabricated concrete for use in construction.*

*The subcontractors allegedly further sourced workers through unlicensed providers, Century Interior Service Pty Ltd and VL Building Pty Ltd.*

*As part of the action, LHA also filed claims against three directors for their involvement with the allegedly unlawful activities of Unitted Construction, Unitted Landscaping, Century Interior Service and VL Building.*

*The five companies involved have cooperated with LHA's investigation.*

*In September 2024, the Supreme Court held that these businesses had engaged unlicensed labour hire providers or provided labour hire services without a licence and issued penalties totalling \$759,674 to the companies and to three company directors.*

*Subcontracting labour is a common practice in construction and other industries – this case highlights that all companies supplying labour hire workers in a supply chain must hold a licence.*

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## **Security industry focus**

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

This practice is commonly referred to as 'subcontracting' in the security industry 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's common practice is to provide 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) is not complying with these obligations.

LHA has focused on improving compliance across complex supply chains, using its [industry guidance](#) about the minimum costs of complying with legal obligations to identify and respond to at risk arrangements in the security industry.

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.

To respond to the risk of non-compliance in complex supply chains resulting from a lack of transparency of the arrangements to regulators, LHA may impose 'transparency conditions' 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 uses transparency conditions where a provider engages subcontractors and/or in conjunction with supply chain responsibility conditions. This condition aligns with the objective of the LHL Act to improve the transparency and integrity of the labour hire industry.

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### **Case study – transparency conditions imposed on large provider**

*LHA reviewed arrangements between a large security industry labour hire provider and its subcontractors to ensure that:*

- *LHA is aware of the labour hire providers in large provider's supply chain; and*
- *The large provider is acting responsibly to ensure that its subcontractors can comply with their legal obligations.*

*LHA found that the large provider's arrangements did reasonably allow both the provider and its subcontractors to comply with their legal obligations. However, as part of its approach to increasing transparency in supply chain arrangements in the security industry, LHA imposed its supply chain transparency conditions on the large provider's licence.*

*These conditions allow LHA to confirm that all providers involved in the large provider's provision of labour hire services are licensed and to check whether the subcontractors are meeting their legal obligations.*

*When presented with these conditions, the large provider indicated its support for LHA's efforts regulating the provision of labour hire services in the security industry. They also acknowledged that complex supply chains present a significant challenge for the industry.*

*By creating more transparency within the industry, businesses are disincentivised from engaging in non-compliance.*

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Other principal contractors at the head of supply chains have had supply chain 'responsibility conditions' imposed, where there are risks that contract prices in the supply chain may be too low to enable subcontractors to meet their legal obligations to workers.

The 'responsibility conditions' require the 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. LHA has also imposed conditions to identify and rectify suspected underpayment of workers in the industry.

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### **Case study – LHA audit condition leads to rectification of \$310,000 underpayment to workers**

*In assessing a labour hire licence application from a security business, LHA reviewed the business's compliance with its legal obligations, with a particular focus on employee wages.*

*LHA was concerned that some of the employees – those paid according to a particular roster or on an annualised salary arrangement – may have been underpaid. LHA decided to grant the application with a condition requiring that the business commission an independent audit of some employees' entitlements.*

*The independent audit found that employees were owed over \$280,000 in underpaid wages and \$30,000 in superannuation.*

*The business immediately sought to rectify the underpayment, resulting in over 450 current and former employees being reimbursed.*

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LHA has also targeted treatments towards the misuse of Individual Flexibility Arrangements (IFAs) in the security industry. Providers must ensure any IFAs they implement meet *Fair Work Act 2009* (Cth) requirements, including:

- An individual employee and their employer must 'genuinely agree' to the IFA.
- The IFA must leave the employee 'better off overall' than if they had not entered into the IFA, based on weighing up the advantages and disadvantages of the IFA compared to the employee's entitlements under their award or enterprise agreement.

LHA was not satisfied that a large security provider's IFAs left employees 'better off overall' and were compliant with workplace laws. LHA imposed conditions requiring the company to terminate all IFAs of this type within 28 days, to provide evidence that this had been enacted and not to enter into new similar agreements, which the provider complied with.

Where businesses seek to use IFAs as an avoidance mechanism across large portions of their workforce to remove overtime penalties, we will likely take action including licence cancellation.



## Security industry data

Licences cancelled (initiated by LHA or the licence holder)	136
Application or renewal withdrawals processed (including withdrawals in response to compliance checks)	20
Applications or renewals refused	16
Licence conditions imposed	16
Responses to VCAT reviews (decisions to refuse or cancel a licence)	8
Additional investigations finalised with a warning issued (no licensing/enforcement action required)	70
Targets subject to ongoing investigation	61

## Meat and poultry industry focus

LHA increased its education and compliance work in the meat and poultry industries in 2023-24.

Following on from initial engagement with industry stakeholders, LHA conducted field inspections of meat and poultry processing premises to assess the level of compliance of labour hire providers with their obligations under the LHL Act.

### Case study – cooperative action in the meat and poultry industry

*Compliance officers identified two unlicensed labour hire providers operating at a meat processing facility, where LHA officers reviewed records and interviewed a range of workers, providers and hosts. LHA investigations into the circumstances around these breaches are ongoing, along with consideration of appropriate compliance and enforcement action.*

*The businesses operating the meat and poultry processing facilities fully cooperated with LHA compliance officers, in line with legal requirements, despite a busy work period.*

*During one inspection, a female labour hire worker disclosed that she and her colleagues had been subjected to serious threats from a supervisor at the host business.*

*The workers were provided to the host by a licensed Victorian labour hire provider. After obtaining the workers' consent, LHA made enquiries which ultimately resulted in the supervisor's employment being terminated.*

*During the visits, other areas of potential non-compliance were identified, which will be investigated further, including into providers' legal obligations to:*

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

LHA will continue to undertake site inspections in the meat and poultry sector throughout 2024-25. This will include coordinating with other regulators and agencies such as WorkSafe, the Department of Health, the Australian Taxation Office, Victoria Police and the Department of Justice and Community Safety.

LHA has cancelled 27 labour hire licences in the meat and poultry industry to date, after uncovering non-compliance with legal obligations through our intelligence-led compliance program. LHA has also refused six licence applications.

Labour hire workers in the meat and poultry processing industries will be the target of an upcoming LHA communication campaign to raise workers' awareness of their rights and how to report unlawful treatment by labour hire businesses. Building on the recent campaign targeting horticulture workers, this new activity will be launched across digital, social media and press channels.

## Horticulture industry focus

LHA's compliance activities have continued to focus on the horticulture industry this year. Horticulture employs thousands of workers in Victoria through labour hire providers. Unfortunately, it is also an industry that has historically seen significant worker exploitation.

In 2023-24, LHA took enforcement action against a number of unlicensed labour hire providers in the horticulture industry and succeeded in its first prosecution of a host business in the industry (outlined above).

LHA has also taken compliance action against businesses operating in the horticulture industry for non-compliance with the LHL Act, including by cancelling 90 licences and refusing 46 licence applications.



## Case study – Application refusal for broad non-compliance with relevant legal obligations

*A labour hire provider operating in the horticulture industry withdrew its licence renewal application after being informed by LHA that we intended to refuse the application for broad non-compliance with relevant legal obligations.*

*LHA conducted an investigation after receiving multiple complaints about the provider and issued a notice of intention to refuse the renewal application on the following grounds:*

- *systematic non-compliance with legal obligations, specifically taxation, superannuation and workplace laws*
- *engagement of an unlicensed labour hire provider, as well as significant transfers to unidentifiable recipients – potentially further unlicensed providers*
- *provision of false or misleading information to LHA.*

*Also adding weight to LHA's decision was that the Nominated Officer of the business had been charged by police for being involved in a large money laundering scheme.*

*After receiving LHA's notice of intention, the labour hire provider withdrew their application.*

*LHA conducted an operation in the same geographical area as the provider to educate other horticulture businesses on their labour hire obligations and to inform them that the provider – who was widely used in the area – was now unlicensed.*

*LHA also commenced an investigation into one of the provider's subcontractors, which received over \$1 million from the provider. The subcontractor did not respond to a Notice to Produce and their licence was cancelled.*

- directly contacting commercial cleaning businesses whose licences had lapsed or been self-cancelled during the COVID-19 lockdown periods.
- directly contacting new commercial cleaning businesses to provide information about the LHL Scheme and the obligation to hold a licence.
- engaging with accountants to ensure they advise their commercial cleaning clients of their obligation to be licensed.
- responding to complaints about unlicensed cleaning businesses by directly contacting the businesses to understand their business, inform them of their licensing obligations, and – where relevant – to encourage them to apply for a licence.
- engaging with a range of stakeholders to raise awareness, education and encourage voluntary compliance, including hosts, providers and workers, industry associations and government agencies.

This work resulted in a significant reduction in unlicensed providers in the commercial cleaning industry, demonstrated by an increase in licence applications from labour hire providers in the sector. Applications increased from 268 in 2021-22, to 395 in 2022-23, to 548 in 2023-24.

Following significant efforts to inform businesses of their obligations, LHA has a number of investigations underway and anticipates taking enforcement action in 2024-25. Enforcement action will particularly target host businesses that have engaged unlicensed providers, as well as businesses that have continued to provide commercial cleaning services in Victoria without a labour hire licence, despite being aware of their obligations.

LHA also took compliance action against licensed labour hire providers in the commercial cleaning industry that failed to comply with their legal obligations, including under labour hire industry laws, workplace laws, occupational health and safety laws and taxation and superannuation laws. In 2023-24, LHA cancelled the licences of 124 providers in the commercial cleaning industry and refused 41 licence applications.

## Commercial cleaning industry focus

LHA invested resources in 2023-24 to support new labour hire providers in the commercial cleaning industry to understand their obligations right from the start, and in particular to ensure that they understand their obligation to be licensed, by executing a series of targeted compliance campaigns.

This approach included:

- engaging with facility managers and large commercial cleaning supply chains to ensure that all businesses they engaged to supply cleaners were appropriately licensed.
- working with prequalification companies to include an obligation to check for a labour hire licence when engaging commercial cleaning businesses from their portals.

## Harm focus: Sham contracting, misclassification, and non-compliance with legal obligations to independent contractors

Ensuring that labour hire providers correctly engage their workforce as either employees or independent contractors, and comply with all applicable workplace and taxation laws, continued to be a key focus of LHA's Compliance and Enforcement Program 2023-24.

Some providers may be motivated to incorrectly engage a worker as an independent contractor because they believe it will lower their costs and avoid certain obligations. But in reality, the cost of meeting a provider's legal obligations to workers are often the same, regardless of whether the workers are engaged as employees or independent contractors.



LHA undertook a range of compliance and licensing activities to help ensure that providers correctly classified their workers, particularly in industries where misclassification of workers as independent contractors is a high risk. This risk increases in industries with relatively high labour input, relatively low wages and limited training, such as horticulture, commercial cleaning and security.

Labour hire workers may be misclassified 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.

As well as being unfair to workers, employee misclassification and related non-compliance can disadvantage legitimate businesses, by making it harder for them to compete and win contracts against companies with artificially low cost structures.

When reviewing licence applications, LHA paid close attention to businesses that intended to supply workers as independent contractors. We provided identified businesses with [guidance material](#) about correctly classifying their workers and complying with their legal obligations, and gave them an opportunity to voluntarily address non-compliance.

If workers were misclassified, LHA took a variety of actions, including refusing to grant a labour hire licence.

In some circumstances where a risk of employee misclassification was identified in a licence application, LHA may opt to grant the licence but impose strict conditions.

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### **Case study – Imposing conditions to prohibit providers from supplying independent contractors in horticulture, meat and poultry, without LHA oversight**

*In 2023-24, LHA granted licences to some providers in the horticulture, meat and poultry industries with a condition that specifies the provider must not engage workers as independent contractors to perform particular tasks in these industries without leave from LHA.*

*These conditions reflect the high prevalence of worker exploitation in these industries and LHA's understanding that the tasks labour hire workers typically perform in these industries are generally more consistent with an employment relationship rather than an independent contracting arrangement. For example, picking and packing in the horticulture industry; and killing, processing, preparation and packing in the meat and poultry industries.*

*Under these licence conditions, the provider must supply LHA with regular payroll summary reports, profit and loss reports, and information about its workers. This reporting enables LHA to monitor the provider and helps ensure that its workers are correctly engaged, and the provider remains compliant with all applicable legal obligations.*

*If the provider fails to comply with a condition, LHA may cancel the licence and/or prosecute the provider for failing to comply with a condition of the licence. Penalties exceeding \$150,000 apply for contraventions by a corporation and \$38,000 for contraventions by a natural person.*

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Where providers engage genuine independent contractors, LHA also considers whether they are complying and will continue to comply with applicable legal obligations such as superannuation, PAYG withholding tax, workers' compensation and payroll tax. LHA may impose conditions on a licence or issue a licence holder with a notice to comply, requiring that they comply with their obligations. LHA has found that providers can often fail to understand that the obligations, costs and the risks involved in using independent contractors can be more complex than they initially believe.

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### **Case study – Notice to comply required superannuation and tax be paid / withheld**

*LHA investigated a licence holder and found that it was not paying superannuation for its independent contractors or withholding PAYG tax, as required.*

*The licence holder cooperated with LHA's investigation, but maintained these obligations did not apply to independent contractors. LHA issued the licence holder with a notice to comply requiring that the licence holder to:*

- *make superannuation contributions for its independent contractors*
- *withhold and remit PAYG for its independent contractors*
- *issue a notice to all of its workers informing them of the licence holder's non-compliance and of workers' rights to complain to the Fair Work Ombudsman or LHA*
- *provide proof to LHA to confirm it had taken these actions.*

*The licence holder complied with the notice.*

*A failure to comply with the notice may have resulted in licence cancellation and enforcement action against the director and/or the licence holder, with maximum penalties exceeding \$36,000 for an individual and \$145,000 for a corporation.*

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Providers who are unwilling or unable to comply with their obligations may face serious consequences, including licence cancellation. LHA has cancelled several labour hire licences as part of this campaign, including in the security, horticulture and hospitality industries.

LHA is working with the Fair Work Ombudsman to develop compliance strategies around sham contracting and the misclassification of workers and to share information to support our respective statutory functions and respond to these harms.

### Emerging risk: licence fraud

LHA has detected an increase in licence fraud over the last year including:

- persons providing fabricated / doctored licences to hosts to create the illusion that the person is a licensed labour hire provider
- a person 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
- persons 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
- persons 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.

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

In addition to taking enforcement action against unlicensed providers, LHA is working with other agencies to detect, deter and respond to licence fraud.

LHA has also educated host businesses about how to spot and avoid licence fraud during site inspections, engagement activities and through our eNews channel.

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## Educate and engage with industry and the community

Throughout 2023-24, LHA continued to enhance and expand its program of education and engagement across the labour hire industry and the wider community.

LHA invested in a significant worker communication campaign in the horticulture industry in parallel with other compliance and enforcement activities in that industry. We also updated our website and licence register, and delivered a statewide program of education and engagement with labour hire providers, hosts and other stakeholders in a range of industries.

LHA's investment in these projects resulted in significantly increased awareness among our stakeholders, reflected in record levels of web traffic, media coverage and e-newsletter subscribers, as well as strong attendance across dozens of industry engagement sessions.

### Industry and community engagement

LHA expanded its program of industry engagement in 2023-24, directly interfacing with almost 1,200 attendees through 81 events and activities during the year.

Activities with labour hire providers, hosts and workers, along with unions, employers, industry groups and other stakeholders, were held across metropolitan Melbourne and regional Victoria.

The engagement program included delivering information sessions for providers and hosts, participating in industry expos, and developing and presenting LHA's first webinar for newly licensed providers, which attracted more than 150 attendees. Activities targeted a range of industries including retail, transport, agriculture, security, cleaning, and hospitality.

Feedback about the program was strongly positive, with the vast majority of attendees indicating that they found information sessions clear, relevant and valuable.

### LHA in the news

A range of high-impact compliance and enforcement outcomes were highlighted as part of LHA's media strategy in 2023-24, resulting in a total of 442 LHA-related media mentions – close to twice the level seen in the previous 12 months.

LHA's activities were reported by broadcast, digital and print media, providing local, state and national coverage; the Labour Hire Licensing Commissioner was also interviewed by broadcasters about LHA's high-impact regulatory outcomes.

### Effectively communicating with labour hire providers, hosts and workers

LHA upgraded its website in 2023-24 to make its most popular pages clearer and more accessible, through redeveloped content, improved page templates and simplified navigation. We also upgraded the Labour Hire Licence Register to improve its speed and useability.



Reflecting the increased visibility of LHA activities and improved digital channels, website traffic increased 72% from the previous year, with 373,854 pages viewed across 150,708 visits in 2023-24. Analytics data and stakeholder feedback indicated the upgraded website and register were significantly easier to use, and compared favourably with other regulatory websites.

An LHA communications campaign targeting horticulture workers took place in December 2023 and January 2024, with advertising running across digital, social media, radio and press channels, translated into nine languages.



The campaign generated almost 30,000 visits to the campaign webpage over a 6-week period, making it the most-visited page on the LHA website during that time.

The distribution of LHA News – our monthly e-newsletter – increased by 2,000 during 2023-24, with 12,315 subscribers receiving the June 2024 edition.

Reader engagement with the newsletter, measured through open and read rates, also improved throughout the year.

### Horticulture Workers Campaign results

Impressions on social media	<b>8.3 mil</b>
Total page views for the campaign landing page	<b>30,000</b>
Views from in-language advertising, with the most from Vietnamese, Arabic and Chinese	<b>10,000+</b>
Radio adverts broadcast across 28 rural stations	<b>28</b>
Adverts placed across 17 rural publications	<b>17</b>

## 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 2023-24, LHA continued with significant levels of recruitment, which attracted capable staff to all areas of LHA and saw us grow from 82 staff at 30 June 2023 to 103 staff at 30 June 2024, enabling us to build and deliver regulatory and operational capability.

Our 2023-24 People Matters Survey achieved a 99% response rate, with LHA staff reporting high levels of job satisfaction, engagement and strategic alignment when compared to other Victorian Public Service agencies.

In 2023-24, 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 strategically designed to build staff competencies and enhance their capability to meet the demands of implementing the LHL Scheme, the challenges of delivering the compliance and enforcement program, and the need for efficient and effective corporate services.

LHA's digital services are also keeping pace with the evolving environment by focusing on enhanced cybersecurity and digital functionality, which assists participants in the LHL Scheme to interact with LHA and better supports our staff and operations.

LHA's Audit and Risk Committee (ARC) met four times in 2023-24, 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 which has ensured compliance with our regulatory obligations and supported continuous improvement to our financial management and operations.



## Five-year financial summary

	2023-24 (\$'000)	2022-23 (\$'000)	2021-22 (\$'000)	2020-21 (\$'000)	2019-20 (\$'000)
Total income from transactions	23,282	20,753	19,846	15,718	10,086
Total expenses from transactions	19,493	15,644	12,379	9,020	7,720
<b>Net result from transactions</b>	<b>3,789</b>	<b>5,109</b>	<b>7,467</b>	<b>6,698</b>	<b>2,366</b>
<b>Net result for the period <sup>(i)</sup></b>	<b>3,945</b>	<b>5,109</b>	<b>7,467</b>	<b>6,698</b>	<b>2,366</b>
<b>Net cash flow from operations</b>	<b>5,057</b>	<b>10,377</b>	<b>4,547</b>	<b>4,745</b>	<b>15,734</b>
Total assets	41,099	37,368	26,712	23,157	18,788
Total liabilities	15,590	15,804	10,257	14,169	16,498
<b>Net Assets</b>	<b>25,509</b>	<b>21,564</b>	<b>16,455</b>	<b>8,988</b>	<b>2,290</b>

<sup>(i)</sup> 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 consumed equally over the licence term. Licence fee revenue is recognised when the licence fee is due.

Total revenue from application fees was \$7.202 million in 2023-24 and licence fee revenue was \$14.396 million. Income from other sources totalled \$1.684 million. Total operating expenditure was \$19.493 million, which resulted in a net operating surplus of \$3.789 million. LHA's comprehensive result this financial year was a \$3.945 million surplus. Cash deposits increased by \$5.150 million, rising to \$39.446 million. LHA has deferred income of \$12.593 million.









## 2.

# GOVERNANCE AND ORGANISATIONAL STRUCTURE



# 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.

## Natalie Wakefield

### Director, Intelligence, Compliance and Enforcement

Natalie Wakefield commenced at LHA in September 2021. She brings extensive experience leading the design and implementation of compliance frameworks in a regulatory environment and was previously Director of the Labour Hire Licensing Compliance Unit in the Queensland Government Office of Industrial Relations. Natalie's engagement with LHA ended on 12 July 2024.

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

Labour Hire Licensing Commissioner		Office of the Commissioner
Intelligence, Compliance and Enforcement	Regulatory Operations	Corporate Services
Compliance and Enforcement	Licensing and Enquiries	Strategy and Governance
Complex Harms	Legal	Information and Communication Technology
Intelligence and Analytics	Communications and Engagement	Finance
		People and Culture



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



### Regulatory Operations Division

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

The Licensing Team is responsible for administering the LHL Scheme. 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 Enquiries and Complaints Team handles the enquiries and complaints received by LHA from members of the public, including through the Report a Problem form on LHA's website.

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.





## 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, 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 the budget, purchases, credit cards, the internal financial management systems, and reimbursement of expenses.

The People and Culture Branch is responsible for all human resourcing related matters, including recruitment, induction, performance development plans, capability development, pay and leave, flexible working arrangements and managing the employee assistance program. The People and Culture Branch also plays a central role in managing LHA's Culture Consultative 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 re-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

After a robust procurement process, LHA appointed RSM in November 2023 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.

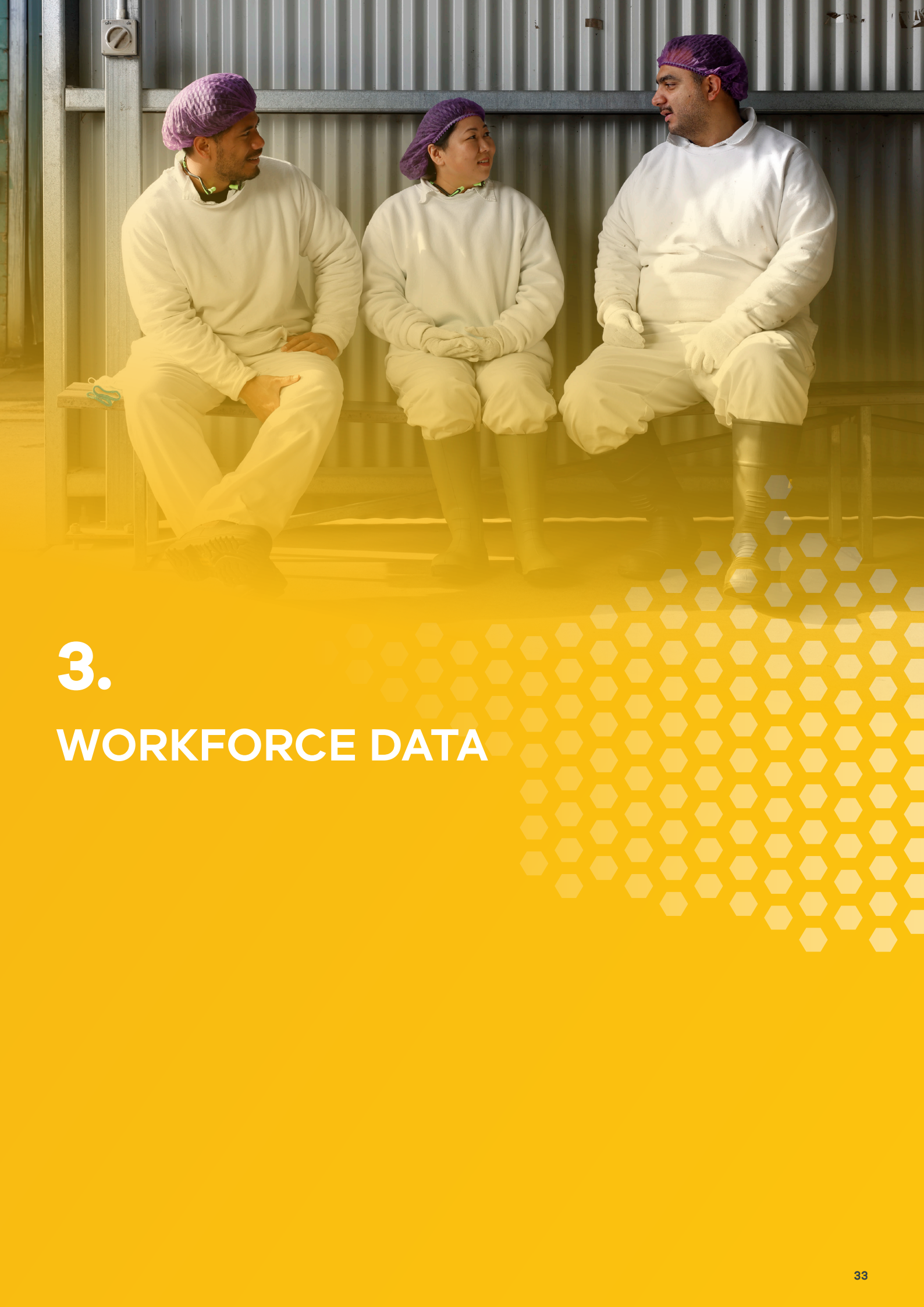
The strategic internal audit program includes reviews of LHA's compliance with the *Standing Directions 2018*, governance frameworks, risk management, occupational health and safety (OHS), business continuity and disaster recovery practices, and other internal controls practices. The audit results and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











**3.**

## **WORKFORCE DATA**



## Our people

During 2023-24 LHA put in place many initiatives to cultivate a positive and healthy workplace culture focused on maximising team effectiveness, performance and communication. Our People Matter Survey results for 2023-24 showed a continued positive upward trend in the overall engagement index as well many other areas including levels of satisfaction, leadership and having a psychologically safe organisational climate. The LHA Culture Consultative Committee continued to oversee a program of work to enable us to continue to improve our culture and realise our goal for LHA to be a great place to work.

LHA updated and implemented a renewed learning and development program for all staff that included delivery of workshops and programs designed to:

- develop leadership and management skills and giving and receiving feedback in a healthy way
- promote respectful behaviours including prevention of workplace bullying, sexual harassment and discrimination
- provide capability development and understanding about occupational health and safety
- understanding cyber security.

## 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 all LHA staff uphold the VPS Values at all times and apply the Code of Conduct, to maintain the highest standards of integrity and public trust in LHA's work and how we do it.

LHA provides detailed guidance and procedures for our employees on how:

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

- we will address misconduct in relation to these matters.

## 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

OHS is crucial for LHA to fulfil its mission. 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.

The LHA Executive Team is committed to health, safety, and wellbeing of staff. LHA executives have been appointed as members of the LHA Health and Safety Committee and the Culture Consultative Committee.

LHA's Health and Safety Committee (HSC) comprises management representatives, health and safety representatives and union representatives. The functions of the HSC include:

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

LHA continues to make available and promote access to the LHA Employee Assistance Program.

The following table outlines the number of reported incidents and injuries during and number of claims during 2023-24.



	2023-24	2022-23
Number of reported incidents/ injuries per 100 FTE	9.90	0.00
Number of 'lost time' standard claims per 100 FTE	0.99	1.25
Average claim cost per year	\$61,707	\$25,988

## 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.

LHA participated in the Victorian Government Graduate Program in 2024 and hired two graduates who commenced their employment with LHA in January 2024.

LHA celebrated different events throughout the year such as NAIDOC Week, R U OK Day? IDAHOBIT Day, Wear It Purple and Pride Month to promote our culture of diversity and inclusion and supported by staff networks such as the Pride Network.



## Comparative workforce data

LHA's workforce and organisational structure has continued to adapt to the expanding compliance and enforcement program, with appropriate expansion of resources and capability in other areas of the Authority to meet our operational and organisational requirements.

As at 30 June 2023, LHA's staffing profile was 80.10 FTE, which increased to 101.03 at 30 June 2024, reflecting targeted and appropriate growth in response to our regulatory activities. LHA will continue to monitor its workforce profile and streamline its processes to effectively and efficiently carry out its legislative mandate.

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 (2024), and in the last full pay period in June of the previous reporting period (2023).

		June 2024							June 2023						
		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	47	46.6	40	2	41.6	5	5	37	37	33	0	33	4	4
	Women	56	54.43	46	3	48.2	7	6.23	45	43.1	31	4	33.9	14	9.2
	Self-described	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Age														
	15 - 24	3	2.6	0	0	0	3	2.6	1	0.6	0	0	0	1	0.6
	25 - 34	20	19.6	17	1	17.6	2	2	19	18.2	13	2	14.2	6	4
	35 - 44	42	40.83	36	4	39.2	2	1.63	33	32.3	26	2	27.7	7	4.6
	45 - 54	28	28	23	0	23	5	5	21	21	17	0	17	4	4
	55 - 64	9	9	9	0	9	0	0	8	8	8	0	8	0	0
	65+	1	1	1	0	1	0	0	0	0	0	0	0	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	2	2	0	0	0	2	2	2	2	0	0	0	2	2
	VPS 3	10	9.23	8	0	8	2	1.23	9	8.2	4	0	4	5	4.2
	VPS 4	29	28.6	26	1	26.6	2	2	18	17.6	14	1	14.6	4	3
	VPS 5	34	33.4	28	3	30.4	3	3	30	29.3	25	3	27.3	5	2
	VPS 6	21	20.8	18	1	18.8	2	2	17	17	16	0	16	1	1
	Senior employees														
	STS	4	4	4	0	4	0	0	3	3	3	0	3	0	0
	Executives	3	3	2	0	2	1	1	3	3	2	0	2	1	1
Total Employees		103	101.03	86	5	89.8	12	11.23	82	80.1	64	4	66.9	18	13.2

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 nonexecutive 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
< \$160,000	-	-
\$160,000 – \$179,999	-	-
\$180,000 – \$199,999	-	3
\$200,000 – \$219,999	-	-
\$220,000 – \$239,999	-	-
\$240,000 – \$259,999	3	1
<b>Total</b>	<b>3</b>	<b>4</b>

The following table discloses the number of Senior Executive Service (SES) officers at LHA broken down by gender classification levels.

	Female		Male		Self-described	
Classification	Number	Variation	Number	Variation	Number	Variation
SES-3	-	-	-	-	-	-
SES-2	-	-	-	-	-	-
SES-1	2	0	1	0	-	-
<b>Total</b>	<b>2</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>

**NOTE:** The number of executives in the report of operations is based on the number of executive positions that are occupied at the end of the financial year. Note 8.2 in the financial statements lists the actual number of SES officers and the total remuneration paid to SES officers over the course of the reporting period. The financial statements note does not include the Accountable Officer. It does not distinguish between executive levels or disclose separations. Separations are executives who left LHA during the relevant reporting period. To help readers, these 2 disclosures are reconciled below

The table below provides a reconciliation of executive numbers presented between the report of operations and Note 8.2 'Remuneration of executives' in the financial statements.

	2024	2023
Executives	3	3
Additions	1	1
Separations	1	1
<b>Total executive numbers at 30 June</b>	<b>3</b>	<b>3</b>









**4.**

## **OTHER DISCLOSURES**



## Major contracts

In 2023-24, LHA did not engage in any major contracts over \$10 million.

## Consultancy expenditure

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

In 2023-24, no consultancies were engaged where the total fees payable was \$10,000 or greater (excluding GST).

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

In 2023-24, two consultancies were engaged where the total fees payable were under \$10,000 (excluding GST). The total expenditure was \$4,159.

Consultant	Purpose	Total approved expenditure (ex GST) (\$'000)	Expenditure in 2023-24 (ex GST) (\$'000)	Future expenditure (ex GST) (\$'000)
Create Safety Consulting	Health and safety	1.0	1.0	0.0
The Ergonomic Physio	Ergonomic consulting services	3.2	3.2	0.0

## Government advertising expenditure

In 2023-24, none of LHA's advertising campaigns involved a total media buy of \$100,000 or greater (ex GST).

## Information and Communication Technology (ICT) expenditure

In 2023-24, LHA had a total ICT expenditure of \$3,774,126 (ex GST) as detailed below.

All operational ICT expenditure	ICT expenditure related to projects to create or enhance ICT capabilities		
<i>Business As Usual (BAU) ICT expenditure</i>	<i>Non-BAU ICT expenditure (Operational Expenditure + Capital Expenditure)</i>	Operational Expenditure	Capital Expenditure
\$2,439,032	\$1,335,094	\$1,214,918	\$120,176

**Note:** ICT expenditure refers to LHA's costs providing business enabling ICT services within the current reporting period. It comprises BAU ICT expenditure and 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.



## Emergency procurement expenditure

In 2023-24, 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 procurement complaints

In 2023-24, 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.

## Review and study expenses

In 2023-24, LHA did not undertake any reviews or studies.

## 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.

LHA must apply the Local Jobs First – Victorian Industry Participation Policy in all procurement activities valued at \$1 million or greater. This is because LHA is located in regional Victoria.

LHA undertook no projects subject to this policy during the 2023-24 reporting period.

## 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 one FOI application in 2023-24.

## Making an FOI application

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](mailto: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](https://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 2023-24.

## 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 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.



#### 04. OTHER DISCLOSURES

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.

Anyone can make disclosures of improper conduct or detrimental action by LHA or any of its employees or officers 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](http://ibac.vic.gov.au)

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

LHA made one disclosure to the Independent Broad-based Anti-corruption Commission in 2023-24 in relation to an applicant.

#### **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*.

#### **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.

The Department of Premier and Cabinet (DPC) developed a comprehensive *Disability Action Plan 2017–20* that informs LHA's practices. It ensures we remain responsive to the needs of people with a disability, whether employees, stakeholders or the broader public. It also provides a framework for LHA to provide equitable access to employment opportunities for people with a disability as well as ensuring that our day-to-day practices are as inclusive as possible for all members of our community, including people with a disability.

LHA also follows the VPS Disability Employment Action Plan, *Getting to work: Victorian public sector disability employment action plan 2018-2025*.

It is important that candidates with a disability can participate equitably in the recruitment process and during their employment. To make this inclusion happen, we follow the DPC Workplace Adjustment Policy and Procedure that applies the principle of making workplace adjustments to remove physical or organisational barriers that would otherwise prevent equal participation. This has enabled LHA to hire employees with disability.

#### **Office-based environmental impacts**

We reduce our 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 head office and Melbourne satellite office.

LHA became a tenant of the Bendigo GovHub on 28 August 2023, 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 does not own any cars and has one executive vehicle leased with VicFleet. Additionally, LHA uses an efficient hire car model.

A summary of LHA's office based environmental impact in relation to its Bendigo offices is below:

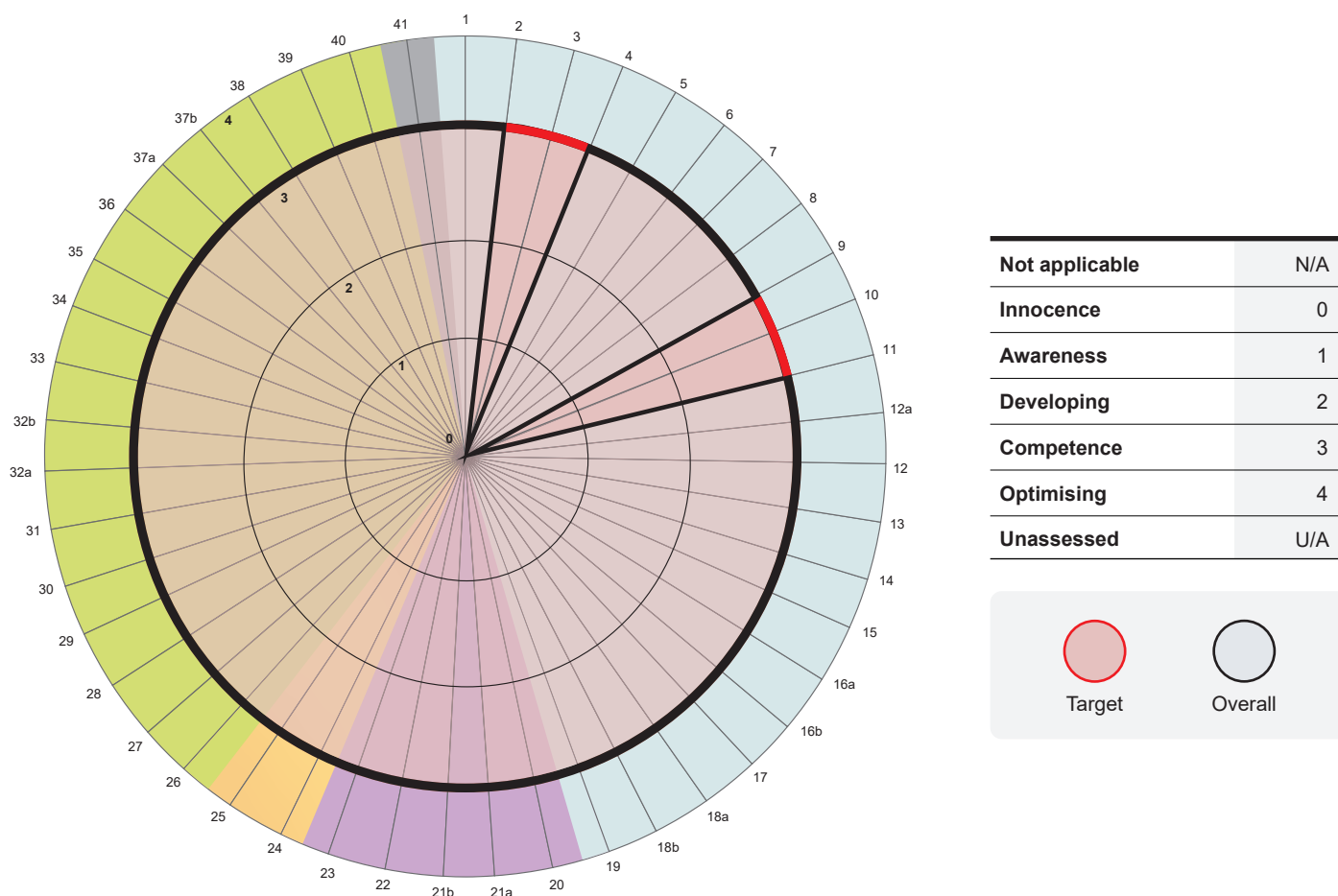
	2023-24	2022-23
Electricity (excluding green power) kWh	53.83	733.09
Greenhouse gas emissions from total energy consumption (CO <sub>2</sub> -e)	1.6	62.7
Number of FTEs (office based)	30.4	29.45
Office tenancy (m <sup>2</sup> )	505	505
Units of energy kWh used per unit of office space m <sup>2</sup>	0.107	1.452
Units of energy used per FTE (office based)	1.77	24.89



## Asset Management Accountability Framework maturity assessment

The following sections summarise the Authority'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.

The Authority'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. Note that requirements 3 and 10 of the Framework concern outsourcing asset management functions and are not applicable to LHA, as LHA does not outsource this function.



### Leadership and Accountability (requirements 1-19)

The Authority has met its target maturity level in this category.

### Planning (requirements 20-23)

The Authority has met its target maturity level in this category.

### Acquisition (requirements 24 and 25)

The Authority has met its target maturity level in this category.

### Operation (requirements 26-40)

The Authority has met its target maturity level in this category.

### Disposal (requirement 41)

The Authority 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](mailto:foi@labourhireauthority.vic.gov.au)

**EMAIL Governance:** [Governance@labourhireauthority.vic.gov.au](mailto:Governance@labourhireauthority.vic.gov.au)

## 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.

## 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* (Vic) and Instructions.



**Steve Dargavel**

Labour Hire Licensing Commissioner  
12 September 2024





# 5.

## FINANCIAL STATEMENTS



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

### STATUTORY CERTIFICATION

The attached financial statements for the Labour Hire Licensing Authority (the Authority) have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer 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 2024 and the financial position of the Authority at 30 June 2024.

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 12 September 2024.



**Steve Dargavel**  
**Labour Hire Licensing Commissioner**  
Labour Hire Authority



**Tracey Langdon**  
**Chief Finance Officer**  
Labour Hire Authority





Victorian Auditor-General's Office

# Independent Auditor's Report

## To the Commissioner of the Labour Hire Licensing Authority

<b>Opinion</b>	<p>I have audited the financial report of the Labour Hire Licensing Authority (the authority) which comprises the:</p> <ul style="list-style-type: none"> <li>• balance sheet as at 30 June 2024</li> <li>• comprehensive operating statement for the year then ended</li> <li>• statement of changes in equity for the year then ended</li> <li>• cash flow statement for the year then ended</li> <li>• notes to the financial statements, including material accounting policy information</li> <li>• statutory certification.</li> </ul> <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the authority as at 30 June 2024 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 applicable Australian Accounting Standards.</p>
<b>Basis for opinion</b>	<p>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.</p> <p>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</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.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>The Commissioner's responsibilities for the financial report</b>	<p>The Commissioner of the authority is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards 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.</p> <p>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.</p>



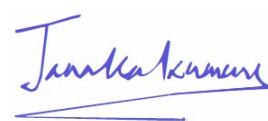
**Auditor's  
responsibilities  
for the audit of  
the financial  
report**

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  
20 September 2024



# Comprehensive Operating Statement<sup>(i)</sup>

For The Financial Year Ended 30 June 2024

	Notes	2024 (\$'000)	2023 (\$'000)
<b>Continuing operations</b>			
<b>Revenue and income from transactions</b>			
Government grants	2.2.1	(35)	300
Regulatory fees	2.2.2	21,598	19,266
Interest income		1,516	803
Other income		203	384
<b>Total revenue and income from transactions</b>	<b>2.1</b>	<b>23,282</b>	<b>20,753</b>
<b>Expenses from transactions</b>			
Employee benefits expense	3.3.1	14,547	11,488
Administration expense	3.2	4,557	3,505
Interest expense	6.2.2	-	3
Depreciation and amortisation	4.1.2	389	648
<b>Total expenses from transactions</b>	<b>3.1</b>	<b>19,493</b>	<b>15,644</b>
<b>Net result from transactions (net operating balance)</b>		<b>3,789</b>	<b>5,109</b>
<b>Other economic flows included in the net result</b>			
Net gain/(loss) on non-financial assets		156	-
<b>Total other economic flows included in net result</b>		<b>156</b>	<b>-</b>
<b>Net result from continuing operations</b>		<b>3,945</b>	<b>5,109</b>
<b>Net result</b>		<b>3,945</b>	<b>5,109</b>
<b>Comprehensive result</b>		<b>3,945</b>	<b>5,109</b>

The accompanying notes form part of these financial statements.

Notes:

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

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



# Balance Sheet <sup>(i)</sup>

As at 30 June 2024

	Notes	2024 (\$'000)	2023 (\$'000)
<b>Assets</b>			
<b>Financial assets</b>			
Cash and deposits	6.3	39,446	34,296
Receivables	5.1	944	2,025
<b>Total financial assets</b>		<b>40,390</b>	<b>36,321</b>
<b>Non-financial assets</b>			
Property, plant and equipment	4.1	258	704
Intangible assets	4.2	350	279
Other non-financial assets	5.4	101	64
<b>Total non-financial assets</b>		<b>709</b>	<b>1,047</b>
<b>TOTAL ASSETS</b>		<b>41,099</b>	<b>37,368</b>
<b>Liabilities</b>			
<b>Liabilities</b>			
Payables	5.2	749	1,078
Make good provisions		25	112
Contract liabilities	5.3	12,593	12,737
Employee related provisions	3.3.2	2,198	1,803
Borrowings	6.1	25	74
<b>TOTAL LIABILITIES</b>		<b>15,590</b>	<b>15,804</b>
<b>NET ASSETS</b>		<b>25,509</b>	<b>21,564</b>
<b>Equity</b>			
Accumulated surplus		25,509	21,564
<b>NET WORTH</b>		<b>25,509</b>	<b>21,564</b>

The accompanying notes form part of these financial statements.

Note:

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



# Cash Flow Statement <sup>(i)</sup>

For The Financial Year Ended 30 June 2024

	Notes	2024 (\$'000)	2023 (\$'000)
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Receipts from government		(35)	300
Receipts from regulatory fees		21,763	23,118
Interest received		1,516	804
Goods and services tax received from / (paid to) the ATO <sup>(ii)</sup>		344	269
Other receipts		286	57
<b>Total receipts</b>		<b>23,874</b>	<b>24,548</b>
<b>Payments</b>			
Payments to suppliers and employees		(18,715)	(14,064)
Borrowing costs and finance charges		(102)	(107)
<b>Total payments</b>		<b>(18,817)</b>	<b>(14,171)</b>
<b>Net cash flows from / (used in) operating activities</b>	6.3.1	<b>5,057</b>	<b>10,377</b>
<b>Cash flows from investing activities</b>			
Sales of non-financial assets		301	-
Payments for non-financial assets		(159)	(418)
<b>Net cash flows from / (used in) investing activities</b>		<b>142</b>	<b>(418)</b>
<b>Cash flows from financing activities</b>			
Payments of principal portion of lease liabilities		(49)	(128)
<b>Net cash flows from / (used in) financing activities</b>		<b>(49)</b>	<b>(128)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>5,150</b>	<b>9,831</b>
Cash and cash equivalents at the beginning of the financial year		34,296	24,465
<b>Cash and cash equivalents at end of financial year</b>		<b>39,446</b>	<b>34,296</b>

The accompanying notes form part of these financial statements.

Notes:

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

(ii) Goods and Services Tax received from the Australian Taxation Office (ATO) is presented on a net basis.



# Statement of Changes in Equity <sup>(i)</sup>

For The Financial Year Ended 30 June 2024

	Total (\$'000)
<b>Accumulated surplus</b>	
Balance at 1 July 2022	16,455
Net result for the year	5,109
<b>Balance at 30 June 2023</b>	<b>21,564</b>
Net result for the year	3,945
<b>Balance at 30 June 2024</b>	<b>25,509</b>

The accompanying notes form part of these financial statements.

Note:

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



# Notes to the financial statements

For The Financial Year Ended 30 June 2024

## 1. ABOUT THIS REPORT

### Introduction

The Labour Hire Licensing Authority 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 the Authority'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 in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

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 expense (Note 3.3);
- Leases (Note 6.2).

These financial statements cover the Authority as an individual reporting entity and include its controlled activities. 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). In particular, they are presented in a manner consistent with the requirements of 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.



**Comparatives**

For disclosure purposes, comparative amounts maybe reclassified to better reflect accounting data across different reporting periods, these changes does not constitute a change in accounting policy.

**Waivers**

The Authority may grant waivers for licence holders with special circumstances under section 35A of the *Labour Hire Licensing Act 2018* (ref Note 8.6).



## 2: FUNDING DELIVERY OF OUR SERVICES

### Introduction

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

The Authority 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.

The Authority 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 Government grants
- 2.2.2 Regulatory fee income

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

	Notes	2024 (\$'000)	2023 (\$'000)
Government grants	2.2.1	(35)	300
Application fee revenue	2.2.2	7,202	6,404
Licence fee income	2.2.2	14,396	12,862
Interest income		1,516	803
Other income		203	384
<b>Total revenue and income from transactions</b>		<b>23,282</b>	<b>20,753</b>

Revenue and income that fund the delivery of the Authority'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 Government grants

	2024 (\$'000)	2023 (\$'000)
Department of Treasury and Finance	(35)	300
<b>Total government grants</b>	<b>(35)</b>	<b>300</b>

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

#### 2.2.2 Regulatory fee income

	2024 (\$'000)	2023 (\$'000)
Application fee revenue	7,202	6,404
Licence fee income	14,396	12,862
<b>Total regulatory fees</b>	<b>21,598</b>	<b>19,266</b>



Regulatory application fee revenue is derived from fees payable to the Authority 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.

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



### 3. THE COST OF DELIVERING OUR SERVICES

#### Introduction

This note provides information about how the Authority'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 the delivery of our services

##### 3.2 Administration expenses

##### 3.3 Employee benefits expense

3.3.1 Employee benefits in the comprehensive operating statement

3.3.2 Employee benefits in the balance sheet

#### 3.1 Expenses incurred in the delivery of our services

	Notes	2024 (\$'000)	2023 (\$'000)
Administration expenses	3.2	4,557	3,505
Employee benefits expense	3.3	14,547	11,488
Interest expense	6.2.2	-	3
Depreciation and amortisation	4.1.2	389	648
<b>Total expenses incurred in delivery of services</b>		<b>19,493</b>	<b>15,644</b>

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 Administration expenses

	2024 (\$'000)	2023 (\$'000)
Technology services	1,321	1,139
Marketing and communications	362	40
Professional services and consultants	727	592
Accommodation and property services	501	129
Staff training and development	242	199
Travel expenses	135	163
Allowance for impairment losses	683	738
Regulatory search fees	212	213
Other expenses	374	292
<b>Total administration expenses</b>	<b>4,557</b>	<b>3,505</b>

Administration expenses relate to costs incurred in the corporate operations of the Authority.



### 3.3. Employee benefits expense

#### 3.3.1 Employee benefits expense in the comprehensive operating statement

	2024 (\$'000)	2023 (\$'000)
Salaries and wages	11,819	9,468
Superannuation	1,281	979
Payroll tax	627	548
WorkCover	320	172
Annual leave	283	145
Long service leave	217	163
Other employee benefits expense	-	13
<b>Total employee benefits expenses</b>	<b>14,547</b>	<b>11,488</b>

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 made or due by the Authority to the relevant superannuation plans in respect to the services of the Authority's staff. Superannuation contributions are made to the plans based on the relevant rules of each plan and any relevant compulsory superannuation requirements that the Authority is required to comply with.

#### 3.3.2 Employee benefits in the balance sheet

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

	2024 (\$'000)	2023 (\$'000)
<b>Current provisions:</b>		
<i><b>Annual leave</b></i>		
Unconditional and expected to settle within 12 months	637	584
Unconditional and expected to settle after 12 months	230	108
<i><b>Long service leave</b></i>		
Unconditional and expected to settle within 12 months	83	493
Unconditional and expected to settle after 12 months	596	199
<i><b>Provisions for on-costs</b></i>		
Unconditional and expected to settle within 12 months	140	145
Unconditional and expected to settle after 12 months	160	43
<b>Total current provisions for employee benefits</b>	<b>1,846</b>	<b>1,572</b>
<b>Non-current provisions:</b>		
<i><b>Long service leave</b></i>		
Conditional and expected to settle after 12 months	295	199
<i><b>Provisions for on-costs</b></i>		
Conditional and expected to settle after 12 months	57	32
<b>Total current provisions for employee benefits</b>	<b>352</b>	<b>231</b>
<b>Total provisions for employee benefits</b>	<b>2,198</b>	<b>1,803</b>



	2024 (\$'000)
<b>Reconciliation of movement in on-cost provision</b>	
<i>Opening Balance as at 1 July 2023</i>	<b>220</b>
Additional provisions recognised	108
Transfers in	50
Reduction transfer out	(21)
<i>Closing balance as at 30 June 2024</i>	<b>357</b>
<b>Current</b>	<b>140</b>
<b>Non-current</b>	<b>217</b>
	<b>357</b>

### Wages and salaries, annual leave and sick 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 the Authority 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 the Authority 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 the Authority 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 sick leave as all sick leave is non-vesting and it is not considered probable that the average sick leave taken in the future will be greater than the benefits accrued in the future. As sick 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 the Authority 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 the Authority expects to wholly settle within 12 months
- present value – if the Authority 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.



## 4: KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY

### Introduction

The Authority 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.

#### Fair value measurement

Where the assets included in this section are carried at fair value, additional information is disclosed in Note 7.1 in connection with how those fair values were determined.

### Structure

#### 4.1 Property, plant and equipment

4.1 Total property, plant and equipment

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

4.1.2 Depreciation and amortisation

#### 4.2 Intangible assets

### 4.1 Total property, plant and equipment

	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2024 (\$'000)	2023 (\$'000)	2024 (\$'000)	2023 (\$'000)	2024 (\$'000)	2023 (\$'000)
Buildings at fair value	-	542	-	(542)	-	-
Leasehold improvements	25	435	(9)	(403)	16	32
Office and computer equipment	621	542	(435)	(306)	186	236
Motor vehicles under lease	31	286	(10)	(216)	21	70
Assets under construction	35	366	-	-	35	366
<b>Net carrying amount</b>	<b>712</b>	<b>2,171</b>	<b>(454)</b>	<b>(1,467)</b>	<b>258</b>	<b>704</b>

	Buildings at fair value		Leasehold improvements at fair value		Office and computer equipment at fair value		Motor vehicles under lease		Assets under construction		TOTAL	
	2024 (\$'000)	2023 (\$'000)	2024 (\$'000)	2023 (\$'000)	2024 (\$'000)	2023 (\$'000)	2024 (\$'000)	2023 (\$'000)	2024 (\$'000)	2023 (\$'000)	2024 (\$'000)	2023 (\$'000)
<b>Opening balance</b>	-	136	32	179	236	273	70	54	366	-	704	642
Reclassification	-	-	-	-	-	-	-	-	(101)	-	(101)	-
Transfer to intangibles	-	-	-	-	-	-	-	-	(265)	-	(265)	-
Additions	-	-	-	-	117	158	-	107	35	366	152	631
Disposals	-	-	(9)	-	(7)	-	(21)	(47)	-	-	(37)	(47)
Depreciation	-	(136)	(7)	(147)	(160)	(195)	(28)	(44)	-	-	(195)	(522)
<b>Closing balance</b>	-	-	16	32	186	236	21	70	35	366	258	704

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

The following tables are subsets of buildings, and plant and equipment by right-of-use assets.

	Gross carrying amount	Accumulated depreciation	Net carrying amount	Gross carrying amount	Accumulated depreciation	Net carrying amount
	2024 (\$'000)	2024 (\$'000)	2024 (\$'000)	2023 (\$'000)	2023 (\$'000)	2023 (\$'000)
Buildings at fair value	-	-	-	542	(542)	-
Motor vehicles	31	(10)	21	286	(216)	70
<b>Net carrying amount</b>	<b>31</b>	<b>(10)</b>	<b>21</b>	<b>828</b>	<b>(758)</b>	<b>70</b>



	Buildings at fair value	Motor vehicles	Total
<b>Opening balance - 1 July 2022</b>	<b>136</b>	<b>54</b>	<b>190</b>
Additions	-	107	107
Disposals	-	(47)	(47)
Depreciation	(136)	(44)	(180)
<b>Closing balance - 30 June 2023</b>	<b>-</b>	<b>70</b>	<b>70</b>
<b>Opening balance - 1 July 2023</b>	<b>-</b>	<b>70</b>	<b>70</b>
Additions	-	-	-
Disposals	-	(21)	(21)
Depreciation	-	(28)	(28)
<b>Closing balance - 30 June 2024</b>	<b>-</b>	<b>21</b>	<b>21</b>

### Initial recognition

Total property, plant and equipment represent non-current physical assets comprising equipment and right-of-use assets used by the Authority in its operations. Items of property, plant and equipment are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment.

### Right-of-use assets acquired by lessees - initial measurement

The Authority 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

The Authority 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. The estimated useful life of the right-of-use assets are determined on the same basis as property, plant and equipment.

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

### Fair value measurement

Property, plant and equipment (excluding Assets under Construction - measured at cost) as well as right-of-use assets under leases are subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset).

#### 4.1.2 Depreciation and amortisation

Charge for the period	2024 (\$'000)	2023 (\$'000)
Buildings at fair value	-	136
Leasehold improvements	7	147
Office and computer equipment	160	195
Motor vehicles under lease	28	44
Capitalised software development	194	126
<b>Total depreciation and amortisation</b>	<b>389</b>	<b>648</b>



All property, 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	2-5 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 the Authority obtains ownership of the underlying leased asset or if the cost of the right-of-use asset reflects that the Authority will exercise a purchase option, the Authority 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.

#### *Short-term leases and leases of low-value assets*

The Authority has elected to account for short-term leases and leases of low-value assets as an expense in profit or loss on a straight-line basis over the lease term.

## 4.2 Intangible assets

	2024 (\$'000)	2023 (\$'000)
Capitalised software development	748	484
Less: accumulated amortisation	(398)	(205)
<b>Total capitalised software development</b>	<b>350</b>	<b>279</b>
<b>Reconciliations of carrying amounts</b>		
<b>Capitalised software development</b>		
Carrying amount at the start of the year	279	189
Additions	265	216
Amortisation expense (note 4.1.2)	(194)	(126)
<b>Carrying amount at the end of the year</b>	<b>350</b>	<b>279</b>



## 5: OTHER ASSETS AND LIABILITIES

### Introduction

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

### Structure

- 5.1 Receivables**
  - 5.1.1 Ageing analysis of receivables
- 5.2 Payables**
- 5.3 Contract liabilities**
- 5.4 Other non-financial assets**

### 5.1 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.

	2024 (\$'000)	2023 (\$'000)
<b>Contractual:</b>		
Other receivables	223	306
	<b>223</b>	<b>306</b>
<b>Statutory:</b>		
Regulatory licence fees	743	1,675
Allowance for impairment losses	(68)	(8)
GST receivables	46	52
	<b>721</b>	<b>1,719</b>
<b>Total receivables</b>	<b>944</b>	<b>2,025</b>
<b>Represented by:</b>		
Current receivables	944	2,025

**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. The Authority 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. The Authority 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. Details about the Authority's exposure to credit risk are set out in Note 7.1.4.

#### 5.1.1 Ageing analysis of receivables

The ageing at 30 June 2024 includes current licence fee receivables, sundry customer receivables, and non-current customer receivables.

	<1 month	1 to 3 months	3 months to 1 year	>1 year
<b>2023 - 2024</b>				
Regulatory licence fees	251	381	111	-
Allowance for impairment losses of contractual receivables	-	(68)	-	-
GST receivables	46	-	-	-
Other receivables	-	-	-	223
	<b>297</b>	<b>313</b>	<b>111</b>	<b>223</b>

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated.



## 5.2 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.

	2024 (\$'000)	2023 (\$'000)
<b>Contractual:</b>		
Trade payables	81	647
Accrued expenses	663	426
	744	1,073
<b>Statutory:</b>		
FBT payable	5	5
	5	5
<b>Total payables</b>	<b>749</b>	<b>1,078</b>
<b>Represented by:</b>		
Current payables	749	1,078

Payables consist of:

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

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

## 5.3 Contract liabilities

	2024 (\$'000)	2023 (\$'000)
Current	6,262	5,540
Non-current	6,331	7,197
<b>Total contract liabilities</b>	<b>12,593</b>	<b>12,737</b>

AASB 15 *Revenue from Contracts with Customers* is applicable to Application Fee Revenue received by the Authority. The Authority 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). The Authority will assess the application and grant or refuse a licence based on pre-determined criteria. During the licence period the Authority 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 the Authority 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 the Authority has an obligation to fulfil future commitments.



## 5.4 Other non-financial assets

### Current other non-financial assets

	2024 (\$'000)	2023 (\$'000)
Prepayments	101	64
<b>Total current other non-financial assets</b>	<b>101</b>	<b>64</b>

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 the Authority, including financial commitments at year-end. The Authority's recurrent operations are generally financed from cash flows from operating activities (see Cash Flow Statement).

### Structure

#### 6.1 Borrowings

#### 6.2 Leases

6.2.1 Right-of-use assets

6.2.2 Amounts recognised in the Comprehensive Operating Statement

6.2.3 Amounts recognised in the Cash Flow Statement

#### 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 Other commitments

### 6.1 Borrowings

	2024 (\$'000)	2023 (\$'000)
<b>Current borrowings</b>		
Lease liabilities	5	11
<b>Total current borrowings</b>	<b>5</b>	<b>11</b>
<b>Non-current borrowings</b>		
Lease liabilities	20	63
<b>Total non-current borrowings</b>	<b>20</b>	<b>63</b>
<b>Total borrowings</b>	<b>25</b>	<b>74</b>

### 6.2 Leases

The Authority leases office premises at the Galkangu (GovHub) in Bendigo and one motor vehicle. Seven motor vehicles were disposed of or transferred to another Department during the 2023-24 financial year. The lease contracts are typically made for fixed periods of 1-4 years with an option to renew the lease after that date. Lease payments are renegotiated every five years to reflect market rentals.

#### 6.2.1 Right-of-use assets

Right-of-use assets are presented in Note 4.1.1.

#### 6.2.2 Amounts recognised in the Comprehensive Operating Statement

The following amounts are recognised in the Comprehensive Operating Statement relating to leases:

	2024 (\$'000)	2023 (\$'000)
Interest expense on lease liabilities	-	3
<b>Total amount recognised in the Comprehensive Operating Statement</b>	<b>-</b>	<b>3</b>



### 6.2.3 Amounts recognised in the Cash Flow Statement

The following amounts are recognised in the Cash Flow Statement relating to leases:

	2024 (\$'000)	2023 (\$'000)
Total cash outflow for leases	49	128

For any new contracts entered into, the Authority 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 the Authority 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 the Authority and for which the supplier does not have substantive substitution rights;
- whether the Authority 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 the Authority has the right to direct the use of the identified asset throughout the period of use; and
- whether the Authority has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.

#### Recognition and measurement of leases as a lessee

##### *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 the Authority'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; and
- 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*

The Authority presents right-of-use assets as 'property, plant and equipment' unless they meet the definition of investment property, in which case they are disclosed as 'investment property' in the balance sheet. Lease liabilities are presented as 'borrowings' in the balance sheet.



## 6.3 Cash flow information and balances

	2024 (\$'000)	2023 (\$'000)
<b>Cash and cash equivalents</b>		
Total cash and deposits disclosed in the balance sheet - Authority	39,446	34,296
<b>Balance as per cash flow statement</b>	<b>39,446</b>	<b>34,296</b>

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

	2024 (\$'000)	2023 (\$'000)
<b>Net result for the period</b>	<b>3,945</b>	<b>5,109</b>
<b>Non-cash movements</b>		
Depreciation and amortisation	389	648
(Gain)/loss on disposal of assets	(156)	(8)
	<b>4,178</b>	<b>5,749</b>
<b>Movements in assets and liabilities</b>		
Decrease/(increase) in receivables	1,081	(650)
Decrease/(increase) in other non-financial assets	(37)	(269)
(Decrease)/increase in payables	(416)	356
(Decrease)/increase in contract liabilities	(144)	5,182
(Decrease)/increase in employee benefits	395	250
(Decrease)/increase in borrowings	-	(241)
<b>Net cash inflows from operating activities</b>	<b>5,057</b>	<b>10,377</b>

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

## 6.4 Commitments for expenditure

### 6.4.1 Other commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are recorded below 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.

	2024 (\$'000)	2023 (\$'000)
<b>Operating Expenditure Commitments</b>		
Not later than one year	839	-
Later than one year and not later than 5 years	2,414	-
<b>Total commitments (inclusive of GST)</b>	<b>3,253</b>	<b>-</b>
Less GST recoverable	296	-
<b>Total commitments (exclusive of GST)</b>	<b>2,957</b>	<b>-</b>



## 7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

### Introduction

The Authority is exposed to risks from both its activities and external factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section presents information on the Authority's financial instruments, contingent assets and liabilities.

### Structure

#### 7.1 Financial instruments specific disclosures

- 7.1.1 Categories of financial assets
- 7.1.2 Categories of financial liabilities
- 7.1.3 Financial instruments: categorisation
- 7.1.4 Financial risk management objectives and policies

#### 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.

Certain financial assets and financial liabilities arise under a 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*.

#### 7.1.1 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 the Authority to collect contractual cash flows; and
- 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.

The Authority recognises the following assets in this category: cash and deposits and 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; or
- the Authority 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; or
- the Authority 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 the Authority has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the Authority's continuing involvement in the asset.

#### 7.1.2 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. The Authority 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.

### 7.1.3 Financial instruments: categorisation

2023-2024	Contractual financial assets at amortised cost (\$'000)	Contractual financial liabilities at amortised cost (\$'000)	Total (\$'000)
<b>Contractual financial assets</b>			
Cash and cash deposits	39,446	-	39,446
<b>Total contractual financial assets</b>	<b>39,446</b>	<b>-</b>	<b>39,446</b>
<b>Contractual financial liabilities</b>			
<i>Payables</i>			
Trade payables and accrued expenses (excluding statutory payables)	-	744	744
Borrowings	-	25	25
<b>Total contractual financial liabilities</b>	<b>-</b>	<b>769</b>	<b>769</b>
2022-2023	Contractual financial assets at amortised cost (\$'000)	Contractual financial liabilities at amortised cost (\$'000)	Total (\$'000)
<b>Contractual financial assets</b>			
Cash and cash deposits	34,296	-	34,296
<b>Total contractual financial assets</b>	<b>34,296</b>	<b>-</b>	<b>34,296</b>
<b>Contractual financial liabilities</b>			
<i>Payables</i>			
Trade payables and accrued expenses (excluding statutory payables)	-	1,078	1,078
Borrowings	-	74	74
<b>Total contractual financial liabilities</b>	<b>-</b>	<b>1,152</b>	<b>1,152</b>

### 7.1.4 Financial risk management objectives and policies

The activities of the Authority expose it to a variety of financial risks, market risk, credit risk and liquidity risk. This note presents information about the Authority's exposure to each of these risks, and the objectives, policies and processes for measuring and managing risk.

The Commissioner as the Responsible Body of the Authority has the overall responsibility for the establishment and oversight of the risk management framework. The overall risk management program seeks to minimise potential adverse effects on the financial performance of the Authority. The Authority uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, other price risks and ageing analysis for credit.



Risk management is carried out by the Authority's management under policies approved by the Commissioner as the Responsible Body. The Commissioner provides written principles for overall risk management, as well as policies covering specific areas such as credit risk.

The main risks that the Authority is exposed to through its financial instruments are as follows:

**(a) Credit risk**

Credit risk is the risk of financial loss to the Authority as a result of a licensee failing to meet its contractual obligations. Credit risk arises principally from receivables.

The Authority minimises concentrations of credit risk by undertaking transactions with a large number of labour hire providers who must pay regulatory fees to apply for and maintain a labour hire licence. The Authority is not materially exposed to any individual debtor.

There has been no material change to the Authority's credit risk profile in 2023-24.

2023-2024	Financial institution (triple-A credit rating)	Government agencies (AA credit rating)	Other (triple-B credit rating)	Total
<b>Financial assets</b>				
<i>Financial assets with loss allowance measured at 12-month expected credit loss</i>				
Cash and deposits (not assessed for impairment due to materiality)	39,446	-	-	39,446
Statutory receivables (with no impairment loss recognised)	-	-	-	743
<i>Financial assets with loss allowance measured at lifetime expected credit loss:</i>				
Contractual receivables applying the simplified approach for impairment	-	-	-	-
<b>Total financial assets</b>	<b>39,446</b>	<b>-</b>	<b>-</b>	<b>40,189</b>

Notes:

(i) The total amounts disclosed here exclude statutory amounts (e.g. GST input tax credit recoverable).

**Impairment of financial assets under AASB 9**

The Authority records the loss allowance for expected credit loss for the relevant financial instruments applying AASB 9's Expected Credit Loss approach. Subject to AASB 9 impairment assessment include the Authority's contractual receivables and statutory receivables.

While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

**(b) Market risk**

Market risk is the risk that changes in market prices will affect the fair value or future cash flows of the Authority's financial instruments. Market risk comprises of foreign exchange risk, interest rate risk and other price risk. The Authority's exposure to market risk is primarily through interest rate risk. There is insignificant exposure to foreign exchange risk and other price risk.

Objectives, policies and processes used to manage these risks are disclosed in the paragraphs below:

**(i) Interest rate risk**

The Authority has minimal exposure to interest rate risk through its holding of other financial assets.



**(ii) Other price risk**

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, whether these changes are caused by factors specific to the individual financial instrument or its issuer; or by factors affecting all similar financial instruments traded in the market. The Authority is not currently exposed to these risks.

There is minimal market risk to the Authority's cash on hand and cash equivalents.

**(c) Liquidity risk**

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they fall due. The Authority's policy is to settle financial obligations within 14 days and in the event of a dispute make payments within 30 days from the date of resolution.

The Authority manages liquidity risk by maintaining adequate reserves of cash and by continuously monitoring actual cash flows against forecast cash flows of the Authority.

**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 2024 (30 June 2023, \$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 Responsible persons**
- 8.2 Remuneration of executives**
- 8.3 Related parties**
- 8.4 Events occurring after the balance date**
- 8.5 Auditors remuneration**
- 8.6 Ex gratia expenses**
- 8.7 Australian Accounting Standards issued that are not yet effective**

### 8.1 Responsible persons

In accordance with the Ministerial Directions issued by the Assistant Treasurer under the *Financial Management Act 1994* (FMA), the following disclosures are made regarding responsible persons for the reporting period.

The following lists the responsible persons for the Authority during the year:

Name	Title	From	To
The Hon. Tim Pallas MP	Minister for Industrial Relations	01 Jul 2023	30 Jun 2024
Steve Dargavel	Labour Hire Licensing Commissioner	01 Jul 2023	30 Jun 2024

### Remuneration

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.

Remuneration received or receivable by the Accountable Officer and other responsible persons in connection with the management of the Labour Hire Authority during the reporting period was in the range of \$350,000 - \$359,999 (2023: \$330,000 - \$339,999).

### 8.2 Remuneration of executives

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 and is disclosed in the following categories:

- **Short-term employee benefits** include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services;
- **Post-employment benefits** include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased;
- **Other long-term benefits** include long service leave, other long-service benefit or deferred compensation; and
- **Termination benefits** include termination of employment payments, such as severance packages.



	2024 (\$'000)	2023 (\$'000)
<b>Remuneration of Executive Officers</b>		
Short-term employee benefits	742	678
Post-employment benefits	77	66
Other long-term benefits	3	6
<b>Total remuneration<sup>(i)</sup></b>	<b>822</b>	<b>750</b>
<b>Total number of executives<sup>(ii)</sup></b>	<b>5</b>	<b>4</b>
<b>Total annualised employee equivalents<sup>(iii)</sup></b>	<b>3.0</b>	<b>3.8</b>

(i) The total number of executive officers 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 8.3).

(ii) The total number of executives reflects the number of people that held an executive officer position which includes VPS employees acting in vacant executive officer positions during the reporting period.

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

### 8.3 Related parties

The Authority is a wholly owned and controlled entity of the State of Victoria. Related parties of the Authority 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 departments and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.
- All Cabinet Ministers and their close family members.

All related party transactions have been entered into on an arm's length basis.

#### Significant transactions with government-related entities

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

	2024 (\$'000)	2023 (\$'000)
<b>Amounts recognised as income in the Comprehensive Operating Statement</b>		
<b>Entity and nature of transaction</b>		
Grants from Department of Treasury and Finance	(35)	300
	<b>(35)</b>	<b>300</b>

#### Key management personnel

Key management personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the Authority, directly or indirectly. KMP of the Authority includes the Portfolio Minister and Executive Officers of the Authority as listed under responsible persons in Note 8.1.

	2024 (\$'000)	2023 (\$'000)
Short-term employee benefits	1,066	953
Post-employment benefits	105	91
Other long-term benefits	3	6
<b>Total</b>	<b>1,174</b>	<b>1,050</b>

(i) The Authority did not employ any KMPs as a contractor through an external service provider during the reporting period.



### Transactions 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. Further employment of processes within the Victorian public sector occur 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 the Authority, there were no related party transactions that involved KMPs and their close family members. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

### 8.4 Events occurring after the balance date

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 the Authority, the results of those operations, or the state of affairs of the Authority in future financial years.

### 8.5 Auditors Remuneration

Auditors remuneration for auditing the financial statements of the Authority excluding GST for 2023-24 has been set at \$36,000 (2022-23 was \$34,100) by the Victorian Auditor-General Office (VAGO). No other benefits were received or are receivable by VAGO.

### 8.6 Ex gratia expenses

Ex gratia expenses are voluntary payments of money or other non-monetary benefit (eg. a write off) that are not made either to acquire goods, services or other benefits for the entity or to meet a legal liability, or to settle or resolve a possible legal liability of or claim against the Authority.

The Authority has granted waivers in special circumstances under section 35A of the *Labour Hire Licensing Act 2018*.

	2024 (\$'000)	2023 (\$'000)
Forgiveness of waiver of debt <sup>(a)</sup>	–	25

<sup>(a)</sup> Includes ex gratia payments for both individual items and aggregate that are greater than or equal to \$5,000.



## 8.7 Australian Accounting Standards issued that are not yet effective

As at 30 June 2024, the following applicable standards and interpretations had been issued but were not mandatory for the financial year ending 30 June 2024. The Authority has not and does not intend to adopt these standards early.

Standard/ Interpretation	Summary	Effective date	Effective date for the entity	Estimated impact
AASB 2022-10 <i>Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities</i>	<p>AASB 2022-10 amends AASB 13 Fair Value Measurement by adding authoritative implementation guidance and illustrative examples for fair value measurements of non-financial assets of not-for-profit public sector entities not held primarily for their ability to generate net cash inflows.</p> <p>The Standard:</p> <ul style="list-style-type: none"> <li>• specifies when entities need to consider if an asset's highest and best use differs from its current use. It also clarifies when an asset's use is considered financially feasible;</li> <li>• specifies when an entity shall use its own assumptions and data to develop unobservable inputs. It also clarifies when these assumptions and judgements shall be adjusted;</li> <li>• provides guidance on the application of the cost approach to fair value, including the nature of costs to be included in the reference asset and identification of economic obsolescence.</li> </ul>	1-Jan-24	1-Jan-24	Nil
AASB 17 <i>Insurance Contracts</i> AASB 2022-8 <i>Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments</i> AASB 2022-9 <i>Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector</i>	<p>AASB 17 replaces AASB 4 Insurance Contracts, AASB 1023 General Insurance Contracts and AASB 1038 Life Insurance Contracts for not-for-profit public sector entities for annual reporting periods beginning on or after 1 July 2026.</p> <p>AASB 2022-8 makes consequential amendments to other Australian Accounting Standards so that public sector entities are permitted to continue to apply AASB 4 and AASB 1023 to annual periods before 1 July 2026.</p> <p>AASB 2022-9 amends AASB 17 to make public sector-related modifications (for example, it specifies the pre-requisites, indicators and other considerations in identifying arrangements that fall within the scope of AASB 17 in a public sector context). This Standard applies for annual reporting periods beginning on or after 1 July 2026.</p>	1-Jul-26	1-Jul-26	Nil

In addition to the new standards and amendments above, the AASB has issued a number of other amending standards that are not effective for the 2023-24 reporting period. These standards are not expected to have any significant impact on the Authority and thus have not been included in the table.









## 6.

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	<i>Local Jobs Act 2003</i>	41









# 7.

## REFERENCE DATA



## Data summary – as at 30 June 2024

Total applications lodged with LHA	9,450
Total licences granted by LHA	8,482
Total current licences	5,663

## Licensing data – 1 July 2023 to 30 June 2024

New licence applications made	1,326
New licences granted	1,240
<i>New licences granted with conditions</i>	60
<i>New licences granted without conditions</i>	1,180
Licences refused	112
Licence applications withdrawn	60
Licence renewal applications made	1,034
Licence renewals granted	1,056
<i>Licence renewals granted with conditions</i>	0
<i>Licence renewals granted without conditions</i>	1,056
Licence renewals refused	2
Licence renewal applications withdrawn	2
Licence variation applications made	278
Licence variations granted	261
Licences suspended	0
Notices of intention to refuse issued	230
Warnings issued	391
Notices of intention to cancel (show cause notices) issued	393
Total licences cancelled	502
<i>Licences cancelled by LHA</i>	138
<i>Licences cancelled on request*</i>	364
Objections received against applications for a labour hire licence	0
Special Circumstances applications made	4
Special Circumstances applications granted	2
Special Circumstances applications refused	1
Special Circumstances applications were invalid (incomplete)	0
Annual reports lodged	3,154

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



## Enquiries data – 1 July 2023 to 30 June 2024

Telephone calls were received by our general enquiries line	8,336
Live calls	4,831
Call backs	2,055
% of phone calls from labour hire providers	87%
% of phone calls concerning the application process	44%
% of phone calls about fees	14%
% of phone calls resolved by LHA	99%
% of calls referred to other agencies	0.45%
Problems reported in the LHA Report a Problem form	375
Emails received by our enquiries mailbox	6,531
Emails sent from our enquiries mailbox	5,913
Requests for information sent to applicants and licence holders	2,954
Notifications sent to providers (including final warnings, cancellation, refusal, and suspension notices)	1,417

## Compliance and enforcement data – 1 July 2023 to 30 June 2024

Investigations finalised	474
Matters remain under current investigation	308
Number of field activities	100

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<i>Workers' compensation</i>	4
Workplace laws - Underpayment	109
Prohibited conduct - Engaging unlicensed provider, advertising without a licence, avoidance	103
<i>Prohibited conduct - Advertising without a licence</i>	74
<i>Prohibited conduct - Engaging unlicensed provider</i>	24
<i>Prohibited conduct - Avoidance arrangement</i>	5



## Common compliance and enforcement issues (Cont.)

Workplace laws - Cash payments	49
Workplace laws - Payslips and records, LSL, IFAs, dedications	49
<i>Workplace laws - Payslips and employee records</i>	28
<i>Workplace laws - Long Service Leave</i>	12
<i>Workplace laws - Deductions</i>	7
<i>Workplace laws – Individual flexibility arrangements (IFAs)</i>	1
<i>Apprentices / trainees</i>	1
Workplace laws - Sham contracting	48
Other	36
<i>OHS - bullying, harassment, induction, personal protective equipment</i>	27
<i>OHS - Bullying, harassment and discrimination</i>	13
<i>OHS - Other</i>	11
<i>OHS - Personal Protective Equipment (PPE)</i>	2
<i>OHS - Induction</i>	1
Inspection offences	21
<i>Provide incorrect, false or misleading information</i>	9
<i>Comply with a notice to produce</i>	5
<i>Make documents available for inspection</i>	4
<i>Offences - LHA inspections and investigations</i>	3

## Communications and engagement data – 1 July 2023 to 30 June 2024

Mentions of LHA in news media	442
Stakeholder engagement activities	81
LHA website - number of visits	141,571
LHA news monthly e-newsletter - number of subscribers at 30 June	12,315



## Labour hire providers by industry – as at 30 June 2024

Cleaning	1,839	19.27%
Professional, scientific & technical services (including IT)	1,054	11.05%
Construction	720	7.55%
Health care & social assistance	597	6.26%
Administrative & support services	451	4.73%
Horticulture	450	4.72%
Manufacturing	448	4.70%
Transport, postal & warehousing	448	4.70%
Security, public administration & safety	423	4.43%
Providers with no associated industry	420	4.40%
Agriculture	382	4.00%
Information media & telecommunications	338	3.54%
Financial & insurance services	285	2.99%
Education & training	274	2.87%
Other services (including repair & maintenance, person & other services)	251	2.63%
Electricity, gas, water & waste services	200	2.10%
Retail trade	193	2.02%
Hospitality	186	1.95%
Meat manufacturing & processing	166	1.74%
Mining	116	1.22%
Accommodation & food services	106	1.11%
Wholesale trade	84	0.88%
Arts & recreation services	61	0.64%
Rental hire & real estate services	49	0.51%

**Note:** We gather this information from labour hire providers that are asked to list the top industries they provide workers to and must declare if they provided workers to the prescribed industries of horticulture, meat manufacturing and processing, poultry processing and cleaning in commercial premises. Providers may nominate multiple industries. Other measures may be used to determine the proportional coverage of labour hire in Victoria.

## Other statistics – as at 30 June 2024

Number of providers that supply transportation to labour hire workers	476
Number of providers that do not supply transportation to labour hire workers	5,187
Number of providers that supply accommodation to labour hire workers	190
Number of providers that do not supply accommodation to labour hire workers	5,473
Number of providers that supply workers with visas to hosts	1,730
Number of providers that do not supply workers with visas to hosts	3,933



# Labour Hire Authority

**Website**

[www.labourhireauthority.vic.gov.au](http://www.labourhireauthority.vic.gov.au)

**Email**

[enquiries@labourhireauthority.vic.gov.au](mailto:enquiries@labourhireauthority.vic.gov.au)

**Phone**

1300 545 200

**Opening hours**

9:00am – 5:00pm

**Postal Address**

Labour Hire Authority  
PO Box 393  
Bendigo VIC 3552



For enquiries in languages other than English, contact us through the Translating and Interpreting Service on 131 450.



If you are deaf, or have a hearing or speech impairment, contact us through the National Relay Service. For more information, visit: [relayservice.gov.au](http://relayservice.gov.au)