

Guidance for the security industry: cost of meeting your legal obligations

This guidance material is intended to:

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

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

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

COST OF MEETING YOUR MINIMUM LEGAL OBLIGATIONS

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

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

	Monday to Friday, 6am to 6pm	Monday to Friday, 6pm to 6am	Saturday	Sunday	Public holiday
Hourly rate	\$23.89	\$29.07	\$35.84	\$47.78	\$59.73
Annual leave (8.6957%)	\$2.08	\$2.53	\$3.12	\$4.15	\$2.08
Personal/carer's leave (4.3478%)	\$1.04	\$1.26	\$1.56	\$2.08	\$1.04
Superannuation (10.5%)	\$2.84	\$3.45	\$4.25	\$5.67	\$6.60
Portable LSL levy (1.8%)	\$0.49	\$0.59	\$0.73	\$0.97	\$1.13
WorkCover insurance (2.65%)	\$0.79	\$0.96	\$1.19	\$1.58	\$1.84
Total (exclusive of GST)	\$31.13	\$37.86	\$46.69	\$62.23	\$72.42



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Level 1 casual employee

	Monday to Friday, 6am to 6pm	Monday to Friday, 6pm to 6am	Saturday	Sunday	Public holiday
Hourly rate (including 25% casual loading)	\$29.86	\$35.05	\$41.81	\$53.75	\$65.70
Superannuation (10.5%)	\$3.14	\$3.68	\$4.39	\$5.64	\$6.90
Portable LSL levy (1.8%)	\$0.54	\$0.63	\$0.75	\$0.97	\$1.18
WorkCover insurance (2.65%)	\$0.87	\$1.03	\$1.22	\$1.57	\$1.92
Total (exclusive of GST)	\$34.41	\$40.39	\$48.17	\$61.93	\$75.70

Additional expenses you may incur

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

These expenses will vary between businesses but may include:

Payroll tax

Payroll tax is payable to the State Revenue Office (SRO) by employers whose [wages](#) exceed \$58,333 per month or \$700,000 per financial year in 2022-23. Payroll tax is 4.85% of the total wages bill for metropolitan employers and 1.2125% for regional employers.

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

Additional employee entitlements

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

Other overheads

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

HOW DOES THE LABOUR HIRE AUTHORITY USE INFORMATION ABOUT PROVIDERS' CONTRACT PRICES?

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

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

In these circumstances the Labour Hire Authority may look more closely at your business records to assess compliance with these legal obligations.

For more information or to subscribe to the Authority's newsletter visit labourhireauthority.vic.gov.au/subscribe. If you cannot find the information you are looking for, contact enquiries@labourhireauthority.vic.gov.au or call 1300 545 200.

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

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

NOTES

Wages	<p>Hourly rates of pay in the tables are current as of 1 July 2022.</p> <p>The Monday to Friday night rate in the tables is based on the lower non-permanent night worker rate. A higher penalty rate applies for permanent night workers.</p> <p>Award wage rates are reviewed annually, and any increases will usually apply from 1 July each year.</p> <p>IMPORTANT: the figures in the tables are based on a Level 1 (base level) classification only. Your workers may be entitled to be paid at a higher classification in your business.</p>
Annual leave and personal/carer's leave	<p>Under the National Employment Standards (NES), full-time employees are entitled to:</p> <ul style="list-style-type: none"> • 4 weeks of annual leave each year • 10 days of personal/carer's leave per year <p>Part-time employees accrue leave on a pro-rata basis.</p>
Superannuation	<p>The superannuation guarantee (SG) must be paid on an employee's ordinary time earnings and while an employee is on paid leave.</p> <p>The SG increased from 10% to 10.5% on 1 July 2022.</p>
Long service leave	<p>All providers in the security industry are required to pay the portable LSL levy to the Portable Long Service Authority. The current levy is 1.8% for the security industry and is calculated on an employee's ordinary pay.</p>
Workers' compensation insurance	<p>Insurance rates calculations are based on a range of factors and are employer specific. The 'Investigation and Security Services' industry rate of 2.65% is based on the 2022-23 industry rates and industry claims cost rates as determined by WorkSafe Victoria.</p> <p>An employer's WorkCover insurance premium is calculated on their remuneration.</p>

This guidance material has been developed in consultation with providers in the security industry and other key stakeholders. If you have any questions about this document or wish to provide some feedback, please contact enquiries@labourhireauthority.vic.gov.au or call 1300 545 200.