LABOUR HIRE PROVIDERS

WHO IS A LABOUR HIRE PROVIDER?

A person or organisation (a **provider**) provides **labour hire services** if, in the course of carrying on a business, the 'provider' supplies workers to another person or organisation (the **host**) to do work.

If you supply a worker to another person or organisation to do work, you must consider whether you are operating as a labour hire provider and need to be licensed.

For more information, see our case study fact sheets and further examples below.

Occupation or industry	**Example**	**Yes, a licence is required**	**No, a licence is not required.**
In accordance with the *Labour Hire Licensing Act 2020*, payroll companies that only provide payroll services, do not require a labour hire licence. Examples are below:			
Payroll Company	Recruitment company A (provider) receives an enquiry from a government agency (host) for a specialist IT consultant for a six-month contract. Provider A supplies Sarah to fulfill that requirement and invoices the host for Sarah's work. For Sarah's salary payments, Sarah requests that provider A pay her salary to Payroll company PC, as PC provide a great service to Sarah by calculating any payroll taxes, year-end tax statements and more. Provider A pays Sarah's salary to PC, who deducts any taxes and fees then pays the balance to Sarah.		In this example, the labour hire arrangement is between 'provider' company A and the 'host' government agency. As PC does not directly manage Sarah and is not responsible for her work in any way, and purely acting as a financial service link between the provider and Sarah, PC is not engaging in labour hire services and a labour hire licence is not required.
Payroll Company	XYZ Payroll company receives an enquiry from a government agency (host) for a specialist IT consultant for a six-month contract. Whilst XYZ provides	In this example, whilst PC is a payroll company, as they are also engaging in labour hire services,	

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	their clients with payroll, bookkeeping and administrative services, they also engage in labour hire services and supply Sarah to fulfill that six-month contract (XYZ are now deemed to be a 'provider'). They invoice the host for Sarah's work, and utilise their payroll services to process Sarah's salary, with payroll tax deductions, superannuation payments etc to her bank account.	they will need to hold a labour hire licence.	
Nursing	A hospital contacts a nursing temp agency to provide three extra nurses to work for two weeks. The temp agency supplies the nurses to work in the hospital. The temp agency pays the nurses' wages and invoices the hospital.	This contract is for labour, and a labour hire licence is required by the temp agency.	
Information Technology (IT) help desk staff	A business requires extra IT help desk workers to assist its existing help desk workforce whilst a new system is deployed. The IT recruitment company supplies the business with the additional workers. The IT recruitment company pays those workers and invoices the business.	The contract is for labour, and a labour hire licence is required by the recruitment company.	
Information Technology Consultancy	A business requires someone to design and implement a customer service solution. An IT firm submits a tender for the job and is paid a total contract sum in stages at completion of the job. The IT firm assumes responsibility for completion of the scope of work and bears the associated commercial risks and legal responsibility for the work done.		The character of the contract does not appear to be labour – no licence is required by the IT firm.
Building and Construction Industry	A building company is developing a block of apartments and subcontracts the electrical work to an electrical contractor, who is responsible for completing the majority of the electrical work as outlined in the contract for a specified total sum, they have the commercial risk and legal		The character of the contract does not appear to be labour – no licence is required by the electrical subcontractor.

	responsibility for the work done and for the rectification of any defects in the work done.		
Building and Construction Industry	A business provides workers to a licensed trade contractor on an hourly rate basis to perform work for the trade contractor's business. The business does not supply materials, is not responsible for fixing faults, and is not engaged to meet any other contractual obligations.	The contract is for labour, and the business requires a labour hire licence.	
Cleaning Workers	XYZ Cleaning Pty Ltd (XYZ) is contracted by a sports club to provide cleaning staff for a large community sports event being held in their grounds. XYZ agrees to supply 10 staff for five hours for general cleaning duties, including picking up rubbish, cleaning the porta-loos, as well as other cleaning duties requested by the sports club. A supervisor instructs staff as required. XYZ invoices the sports club on an hourly basis for each of the staff provided.	The contract is for labour and XYZ require a labour hire licence.	
Cleaning Workers	ABC Cleaning Pty Ltd (ABC) has a contract to clean the corporate offices of a large organisation's head office after normal office hours. Under the contract, ABC is paid a fixed price for a year for the cleaning services provided. ABC is responsible under the contract to deliver the cleaning services to the specified standards, to decide when and how its workers perform those tasks, to supply all materials and equipment, and is responsible to rectify any defective work.		The character of the contract does not appear to be labour, and no licence is required by ABC for this work.
Security Workers	A security company provides a pub with security staff. Due to the terms of their liquor licence, the pub is required to have a specified number of crowd controllers in place to manage the venue. The pub uses a security provider to	The contract is for labour and the security provider will require a labour hire licence.	

	supply the required number of crowd controllers, and pays the security provider per hour for each of the workers supplied.		