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| Attachment B Regulatory Impact Statement\_Private Security Regulations 2025.docxDepartment of Justice and Community SafetyFebruary 2025 |



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# Glossary

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|  **Acronym** | **Full name** |
| DJCS | Department of Justice and Community Safety  |
| LRD | Victoria Police’s Licensing and Regulation Division  |
| MCA | Multi-criteria analysis  |
| RIS | Regulatory Impact Statement  |
| The Act | *Private Security Act 2004* |
| The amending Act | *Private Security and County Court Amendment Act 2024* |
| The Regulations | Private Security Regulations 2016  |
| VCAT | Victorian Civil and Administrative Tribunal  |

1. Executive summary

Purpose of this Regulatory Impact Statement (RIS)

The private security industry plays an important role in ensuring community safety, with nearly 42,000 providers (including individuals and businesses) operating in Victoria as of 31 December 2023.[[1]](#footnote-2) Private security providers offer a range of services to individuals and businesses to manage the risk of safety incidents and mitigate potential exposure to crime, particularly in instances which are beyond the remit or capacity of Victoria Police.

The *Private Security Act 2004* (the Act) establishes the regulatory framework for licensing and registration of private security providers and requires that private security providers operating in Victoria meet adequate standards of competency, legitimacy, and character. The Act establishes the range of private security activities that must only be carried out by licensed or registered individuals or businesses. Currently, the Act prescribes two classes of activities – Class A activities for licences (including crowd controllers, security guards and private investigators, among others) and Class B activities for registrations (security equipment installers and security advisers). The *Private Security Regulations 2016* (the Regulations) support the Act by prescribing additional particulars, documentation requirements and fees associated with administering licensing and registration of private security providers. While it is the Act that creates the obligation for applicants to meet the probity and competency requirements, the Regulations provide clarity on meeting these requirements by prescribing the particulars and documents required to support an application.

The recently passed *Private Security and County Court Amendment Act 2024* (the amending Act), which is not yet in force, will result in several amendments to the Act – the most significant of which is the consolidation of the current Class A and Class B classifications under a single-tiered licensing system*.* These amendments come into effect from 19 June 2025 (unless proclaimed in part or whole on an earlier date) and the Regulations need to be remade by this date to operationalise the amendments. As the Regulations are currently due to sunset on 26 June 2026, the Department of Justice and Community Safety (DJCS) has brought forward the remaking of the Regulations in their entirety, undertaking an early sunsetting review of the Regulations as a whole. The purpose of this RIS is to assess the potential impacts on the Victorian community of remaking the Regulations.

Problem statement

Private security providers are employed for a range of purposes with typical use cases including large public events, corporate environments, hospitality, retail, entertainment venues, and cash and high value goods transport management. Private security providers often interact directly with the public and can have access to sensitive areas and information. They also often work in challenging environments such as interacting with people under the influence of alcohol and/or illicit substances. Consequently, it is important that the sector has appropriate safeguards and protections in place to mitigate potential risks to the public and to the providers of these services.

Government intervention in the private security sector aims to protect the community and to ensure the probity and competency of private security providers. The Act requires providers to be licenced or registered, depending on the type of private security services they wish to provide. Victoria Police is responsible for assessing the probity and competency of a licence or registration applicant. This is a critical function as the private security industry is susceptible to organised crime due to its access to property, people and information that could create opportunities for illegal activity.[[2]](#footnote-3)

The Act aims to reduce misconduct and criminal involvement in the industry by requiring probity checks of close associates for private security business licences and enabling Victoria Police to suspend or cancel a licence for prohibited persons or those convicted of offences. Training requirements mandated by Victoria Police are targeted to promote consistent quality and competency among private security providers. Furthermore, the amended Act seeks to improve the integrity of the private security industry and efficiency of administering the regulatory framework. This includes reducing the prevalence of sham contracting, inadequate refresher training, and inconsistent licensing.

Just as the current Regulations give effect to the licensing scheme in the current Act by setting out the prescribed particulars and documents required to support an application and the fees charged for applications, the proposed Regulations are required to give effect to the single tier licensing scheme under the amended Act by similarly prescribing the required particulars, documents and fees.

Allowing the Regulations to sunset without being remade would result in the following key issues:

* Applicants for private security licenses and Victoria Police would not have a shared understanding of the documents and particulars required to demonstrate probity and competency requirements. While it is likely that Victoria Police would provide guidance to the industry over the required documentation, the guidance would not have the legal authority that the Regulations do. This could potentially leave Victoria Police without a legal basis to reject applications with insufficient or incorrect documentation.
* Victoria Police would not have the legal authority to inspect records of services provided by private security businesses that are currently specified in the Regulations. These records play an important role in monitoring and compliance activities.
* Victoria Police would not be able to issue fines and penalty notices for offences against sections of the Act that allow penalty notices to be prescribed.
* Victora Police would not be able to charge fees to recover the costs incurred in issuing licences and in undertaking monitoring and compliance activities. These costs would need to be recovered from other sources such as consolidated revenue.

Objectives

In assessing whether to remake the Regulations, the relevant objectives are to regulate the private security industry in a manner that:

* mitigates the potential risks to community safety and wellbeing posed by the private security industry, if industry standards and practices are deficient or inappropriate persons or businesses operate in the industry
* imposes the minimum efficient level of regulatory burden on the private security industry
* prescribes fees that send appropriate price signals to the economy regarding the full cost of providing the services, are paid by those who benefit from the service, and do not pose a disincentive for industry participants to be licenced.

Options for remaking the licensing requirements

While a series of changes to the Regulations are proposed to be introduced under the amended Act, only the replacement of the current two-tier system of license and registration with a single-tier licensing system will have a substantive impact on the requirements within the Regulations. The expected changes needed in the Regulations to reflect the amendments to the Act include language and structural updates to refer to a single tier licencing system (keeping the same particulars and documentation requirements as currently prescribed) and updates to fee-settings to align with a single tier licencing system (which are addressed in Chapter 5).

Typically, when assessing the impacts of amending regulations in line with the requirements of the *Victorian Guide to Regulation*, the Base Case for analysis is the situation where the proposed Regulations are not made. In this case, however, the Base Case is not a viable scenario as the Regulations are not currently compatible with the upcoming amendments to the Act. For this reason, this RIS assesses the impacts of the amending regulations relative to a Reference Case where the Regulations sunset and are not remade. Due to the relatively low impact and limited range of feasible alternative options for changes to the Regulations, a single option has been analysed for remaking the Regulations relative to a Reference Case (where the Regulations sunset and are not remade) in this RIS.

**Option 1: Remake the Regulations with a single-tier licensing system**

Option 1 would remake the Regulations with their current provisions, apart from the removal of references to registrations to reflect the introduction of a single-tiered licensing system by the recent amendments to the Act. Through this single-tier system, security equipment installers and security equipment advisors will now need to be licensed and will be subject to the same requirements as current licence holders. The other sections of the Regulations (excluding the fees) will be remade as they currently are with smaller changes to update language and reflect other changes introduced by the amending Act.

Fee options

Two options have been considered for remaking the fee settings contained in the Regulations. These options are compared to a Reference Case where the Regulations, and therefore the current fee settings, sunset without being remade. The two options considered are:

**Fee Option 1: Single fee for all individual applicants and a single fee for all business applicants**

Fee Option 1 would involve consolidating the current fee settings into a single fee for all individual application types and a single fee for all business licence application types (e.g. new application, renewal and variation).

**Fee Option 2: Variable fee structure based on application complexity**

Fee Option 2 would contain a variable fee structure based on the same method as is used in the current fee-settings (driven by number of services included on an application). To reflect the consolidation of the licensing system under a single tier system, this option would also involve re-structuring fees to incorporate all classes of activities (combining the previous licence and registration activities) under the same fee schedule, with variable pricing depending on the number of activities.

Options analysis and summary of the preferred options

A multi-criteria analysis (MCA) was used to assess the impact of options in remaking the Regulations. The criteria used for this assessment are outlined in Table i.

Table i: MCA criteria for remaking the Regulations

| **Criterion** | **Description**  | **Weighting** |
| --- | --- | --- |
| Competency and probity of the private security industry | The extent to which the option helps mitigate potential risks posed by the private security industry to community safety and enables confirmation that only appropriate persons and businesses are allowed to operate within the private security industry. | 50 per cent |
| Costs to industry  | The extent to which the option imposes costs on the individuals and businesses within the private security industry. | 25 per cent |
| Costs to government  | The extent to which the option imposes costs on government associated with administering the Regulations. | 25 per cent |
| **Total** |  | **100 per cent** |

The MCA criteria were used to determine the preferred policy option. The results of the MCA show that Option 1 scored positively compared to the Reference Case, meaning it would be more likely to deliver a net benefit to the community than the Reference Case. In considering all additional requirements posed by the Regulations, the total annual average cost to industry from the Regulations is estimated to be $1.6 million (undiscounted), with the total net present value of $13.27 million over ten years. While there are higher compliance costs for industry and administrative costs for government under Option 1, the benefits provided by this option in terms of the competency and probity of the industry outweigh these costs. The MCA scores are summarised in Table ii below.

Table ii: MCA results for remaking the Regulations

|  |  |  |  |
| --- | --- | --- | --- |
| **Criterion** | **Weighting** | **Reference Case** | **Option 1 – Impact of Status Quo relative to the Reference Case**  |
|  |  |  | **Raw score** |
| Competency and probity of the private security industry | 50% | 0 | 5 |
| Costs to industry | 25% | 0 | -2 |
| Costs to government  | 25% | 0 | -1 |
| **Total Weighted Score** |  | **0** | **1.75** |

A separate MCA was used for the fee options. The criteria for assessing fee options have been informed by the Victorian Government’s pricing principles outlined in *Pricing for Value* and are outlined in Table ii.

Table iii: MCA criteria for the fee options

| **Criterion** | **Description**  | **Weighting** |
| --- | --- | --- |
| Effectiveness | The extent to which the option supports the overarching objectives of the Regulations and avoids unintended negative consequences. This criterion considers the impacts each fee option would have on the broader regulation of the private security industry, as well as the possible impact that each option may have on industry compliance with the Regulations.**This criterion is based on Pricing Principles 1 (agencies should aim to recover the full costs of service provision) and 8 (pricing should support positive behaviours).**  | 40 per cent |
| Equity | The degree to which an option represents an equitable fee structure and fee values. This criterion implicitly aims to avoid cross-subsidisation as far as practicable by attributing the fees and charges directly to those who trigger the need for the service. This criterion also reflects the objective of setting fees at levels that do not limit accessibility or capacity to pay.**This criterion is based on Pricing Principles 2 (cost of service provision should be borne by those who benefit from the service) and 5 (pricing should not limit access to those with a lower ability to pay)**.  | 40 per cent |
| Simplicity | The degree to which the option reduces complexity for the industry and results in a fee structure that is easy to understand. This criterion also considers the costs to Victoria Police for implementing the identified options and the ongoing reduction in complexity of administration.**This criterion is based on Pricing Principle 11 (pricing structures should be easy to understand and administer).**  | 20 per cent |
| **Total** |  | **100 per cent** |

For the fee options, the MCA found that Option 2 is the preferred fee option. While both fee options score highly for their capacity to fully recover costs (depending on the fee values set) and minimise negative externalities, Option 2 allows for differential pricing based on the specific number of activities a provider wishes to be licenced for and therefore deliver as a service in the market. Due to this variable structure, Option 2 scores higher than Option 1 for equity due to lower levels of cross-subsidisation under Option 2. At the same time, the additional complexity introduced in the fee structure is minimal (comparing seven fee types to one) and substantial administrative saving is not expected under the consolidated structure. Consequently, Option 2 best balances the objectives of government to recover the costs of administering the regulatory scheme with the need to ensure equitable fee structures that promote access to participation within the industry.

Table iv summaries the MCA scores for the two options.

Table iv: MCA results for analysis of fee options

| **Criterion** | **Weight** | **Reference Case** | **Option 1****Single fee for individual and a single fee for business** | **Option 2****Variable fees based on application complexity** |
| --- | --- | --- | --- | --- |
| Effectiveness | 40% | 0 | 10 | 10 |
| Equity | 40% | 0 | 4 | 6 |
| Simplicity | 20% | 0 | -1 | -1.5 |
| **Weighted score** |  | **0** | **5.40** | **6.10** |

The impact of the preferred fee option – Option 2 – is estimated to assess the revenue generated (as fees paid by industry) and costs to government in administration. To estimate the expected on-going revenue received through individual and business application fees under the Option 2 fee settings (using current fee values), a 10-year average annual revenue estimate was calculated. The calculated revenue assumes that application volumes grow annually in alignment with Victorian population growth, that the proportion of applications approved remains constant over time, and that registration-related fees are incorporated under a single-tier licensing system (with the same fee value as the current licence-related fees). Using these assumptions, the estimated average annual revenue is $13.86 million.

The average annual cost of regulating the private security industry is $15.12 million. This results in an average annual cost-recovery position of 92%. While this percentage is slightly below full cost-recovery, due to the uncertainty of future costs – which could be higher or lower based on implementation of the new legislative requirements under the amending Act and implementation of a new registry management system – DJCS prefers to keep fee units at their current level. DJCS plans to undertake further review of the on-going cost base within three years after implementation of the new legislation.

Small business and competition impacts

The proposed Regulations are not anticipated to have any adverse impacts on small businesses or competition in Victoria. As the proposed fees will apply to all businesses and individuals in the private security industry, there is expected to be no material impact on competition. The Regulations also do not impose any new restrictions on the way private security businesses provide their services or on how consumers source their preferred service providers, beyond those requirements that are stipulated in the Act. The incremental administrative requirements associated with applications and record keeping would not pose any substantive barriers to entry compared to the Reference Case.

While small businesses can experience disproportionate impacts from regulations due to relatively limited resources, it is not expected that the proposed Regulations will limit the ability of small businesses to operate in the industry. The proposed fee structure seeks to differentiate fee values based on the different applicant categories (individual operator, natural persons as a business, and body corporates) and number of activities applied to be licenced for (with fees increasing as the number of approved activities increase). This structure reduces cross-subsidisation and minimises the risk of some individuals and businesses paying higher fees (e.g., independent contractors (on a natural person’s business licence) would pay a higher fee under Option 1 compared to Option 2, as they would be grouped together with body corporates under a single licence fee category). Small businesses providing a narrower range of services will pay less than businesses that have more activities approved on their licence, while those businesses that apply for a greater number of activities have the capacity to engage in revenue generating work for those corresponding services. Furthermore, the move toward a single-tier licensing system will make it easier for the small businesses and natural persons that provide both Class A and Class B services (as they are currently known). This is because they will not need to apply for a separate licence and registration and pay two separate fees.

Implementation and evaluation

The proposed Regulations will be implemented alongside the newly amended Act which will incorporate the amendments made via the amending Act.

The Regulations will be settled following public consultation on the Exposure Draft that accompanies this RIS. All submissions will be considered carefully by DJCS and the draft Regulations amended accordingly in consultation with stakeholders. The final decision about any changes rests with the Minister for Police, who will seek Cabinet approval to ask the Governor to make the Regulations when he is satisfied with them.

Once the Regulations are in place, Victoria Police will need to amend their database to accommodate the amendments, change their correspondence with applicants and licence or registration holders, and prepare for transition of those with registrations to licences. In addition, matters referred to in the Regulations will need to be developed. For example, a Code of Conduct to be published on the Victoria Police website; refresher training requirements; risk assessment and treatment templates as well as general education material.

At the time of publication of this RIS, the amending Act and the proposed Regulations will come into effect on 19 June 2025, although it is possible that some simple provisions may come into effect at an earlier date by proclamation.

Evaluation of the effectiveness and efficiency of the proposed Regulations once in effect will be carried out on an ongoing basis. DJCS already has robust reporting and consultation mechanisms in place with Victoria Police as well as the wider stakeholder group, the Victorian Security Industry Advisory Council (VSIAC). DJCS will monitor the impact of the amendments through these mechanisms including undertaking further review of the on-going cost base within three years after implementation of the new legislation. If issues come to light, DJCS will propose amendment to the Act or Regulations to Government, as required.

In terms of the fee settings, as set out in detail in this RIS, there are a range of operational and market uncertainties that could result in changes that affect the fees. Due to these uncertainties, if there are concerns about the fee settings, DJCS, Victoria Police and other stakeholders will be invited to raise these concerns at any time during the life of the Regulations. Once those concerns are raised, DJCS will take whatever action is appropriate, in consultation with stakeholders, including those with expertise in developing cost benefit analyses.

Feedback on RIS and proposed Regulations

To support development of the RIS, targeted consultation was undertaken by Deloitte from 17 June 2024 until 12 July 2024. The consultation took the form of semi-structured interviews together with a series of questions that was distributed to key stakeholders for feedback. Stakeholders included key peak bodies and industry representatives in Victoria across the various private security professions. Responses provided from these stakeholders informed policy development and formed the basis for the development of the proposed Regulations and RIS.

The *Victorian Guide to Regulation* also requires a RIS to assess the impact of regulations on the community. Regulations can affect the ability of private security professionals to deliver essential services that protect the interests of the community. Key considerations in this assessment include questions such as:

* Are the Regulations effective in protecting the community from harm? Will the proposed single-tier licensing scheme impact on the risk of harm?
* Will the proposed changes impact some aspects of the industry significantly more than others (e.g. sole traders and small businesses)?
* Would changing fee levels impact the capacity of current industry participants to continue in their roles? Do the fee levels pose any barriers to entry for the industry?

Public comment and submissions are invited on the questions above, this RIS, and the proposed Regulations. Submissions can be made via the Engage Victoria website.

# Background

This chapter outlines the purpose of the proposed Regulations and the requirement for a Regulatory Impact Statement (RIS).

## Introduction and purpose of this RIS

The private security industry plays a critical role in ensuring the safety of the Victorian community. The industry provides a necessary service to individuals and businesses to mitigate their exposure to crime, particularly in instances which are beyond the remit or capacity of Victoria Police. Victoria’s private security industry offers protection for public and private property, public safety, and personal security. Given the nature of services provided by the industry and the level of trust placed in security providers, it is vital to ensure that security providers meet a certain standard of competency, legitimacy, and character.

The *Private Security Act 2004* (the Act) sets out the framework for licensing and registration for individuals and businesses working in the private security industry. The Act establishes the range of private security activities for which an individual or business must hold a licence or registration. Currently, the Act prescribes two classes of activities – Class A activities for licences (including crowd controllers, security guards and private investigators, among others) and Class B activities for registrations (security installers and security advisers). The *Private Security Regulations 2016* (the Regulations) prescribe the particulars, documents and fees for the licensing and registration of security providers. The *Private Security and County Court Act 2024* (the amending Act), which is not yet in operation but will commence no later than 19 June 2025 introduces several amendments to the Act (see Section 1.2.1.1). Consequently, the Regulations are required to be remade by 19 June 2025 to operationalise required changes related to the amendments. The Regulations are currently due to sunset on 26 June 2026. The remake of the Regulations has been brought forward for the purpose of efficiency.

The purpose of this RIS is to assess the potential impacts on the Victorian community from amending and remaking the Regulations.

## Legislative and regulatory frameworks governing private security in Victoria

### *Private Security Act 2004*

The Act is the key legislation governing private security in Victoria. The purpose of the Act is to provide for the licensing and registration of certain participants in the private security industry and to otherwise regulate the private security industry for the purposes of ensuring public safety and peace. The Minister for Police, supported by the Department of Justice and Community Safety (DJCS) is the minister in charge of the Act.

The Act currently prescribes a licensing and registration regime and sets probity requirements for businesses and individuals in the private security industry. The Act splits security activities into two classes: Class A and Class B. These activities are further discussed in Section 1.4.

Class A security activities cover the following activities:

* acting as a private investigator
* acting as a bodyguard
* acting as a crowd controller
* acting as a security guard (includes unarmed guard, armed guard, cash-in-transit guard, control room operator, monitoring centre operator and guard with a dog)
* acting as a private security trainer.

Class B security activities include the following:

* acting as a security equipment installer (such as installing security cameras, security alarms, vaults, and safes)
* acting as a security adviser (for instance, advising clients in relation to security methods or principles).

The Act stipulates that individuals and businesses engaging in Class A security activities must hold a licence authorising them to carry out the activity. The Act further specifies that individuals and businesses can only undertake activities they are licensed for (e.g., an individual holding a licence for working as a bodyguard cannot work as an investigator). Under the Act, licence holders are required to meet competency and training requirements as set by Victoria Police. For the purposes of a business licence, competency can be demonstrated through membership of a relevant approved security industry organisation or through possessing the qualifications, training, knowledge, or experience as determined and published by Victoria Police. Individual licence holders can demonstrate competency through successfully completing any approved training requirements or relevant experience as set by Victoria Police. Class B security activities require individuals and businesses to be registered. There are no mandated training requirements for registration holders.

The Act requires all licence or registration applicants and associated parties to undertake a criminal history check and ongoing monitoring throughout the lifetime of their licence or registration.

In addition to licensing and registration, the Act prescribes:

* types of offences related to providing private security services without a licence or registration (including penalty units)
* requirements that must be included in applications for a new, renewed or varied licence or registration
* duration of licences and registrations, and processes for and conditions under which temporary permits may be granted
* processes for complaints, disciplinary hearings/actions and cancellations of licences and registrations
* powers and associated processes of Victorian Civil and Administrative Tribunal (VCAT) in hearings and reviews
* powers and associated processes for inspection and enforcement by the Chief Commissioner.

#### *Private Security and County Court Amendment Act 2024*

The amending Act, which will come into effect on 19 June 2025, introduces the following changes to the Act:

* replacement of the current two-tier system of licences and registrations with a single-tier licensing system
* removal of requirement for licence applicants to supply personal references
* introduction of enforceable requirements for:
* transparency and accountability when sub-contracting security services
* a person seeking to operate under an ABN as an individual security supplier to also obtain a business private security licence
* workers in high-risk roles such as crowd controllers to undertake refresher training prior to licence renewal
* people hiring security services to undertake their own risk assessment for the event and/or premises and to provide the risk assessment to the hired security workers
* hirers of private security services to provide site inductions to all new security workers
* a Code of Conduct for workers that would be enforceable via licence sanctions
* clarification of requirements that:
	+ the Chief Commissioner of Police may determine proof of identity requirements
	+ in a licence suspension appeal at the VCAT where there is protected information involved, VCAT may only appoint special counsel to address the protected information and not to act for the applicant more generally.

Most of the amendments listed above will come into effect outside of the Regulations (e.g. through amendments to the Act itself or developed by the Chief Commissioner of Police as guidance to be listed on Victoria Police’s website).

The replacement of a two-tier licensing system with a single-tier licensing system is the primary change that affects the Regulations. The amendments merge the licensing and registration systems into a single licensing system. Class B security activities that currently only require registration will now require licensing. Once the amendments come into effect, the Act (and subsequently the Regulations) will no longer refer to Class A and Class B activities. Instead, all activities will collectively be referred to as ‘security activities’. The exact training requirements for currently registered individuals and businesses are yet to be determined and will be decided at the discretion of the Chief Commissioner of Police.

The current two-tier system of licensing and registration is being replaced by a single-tier licensing system to address the discrepancies between the requirements for licence holders and registration holders. Registration holders can advise individuals and businesses regarding their security concerns and can install critical safety equipment such as cameras, alarm systems, safes, and vaults. Registration holders are, however, not subject to the same mandatory competency and training requirements as licence holders are. This may result in individuals performing critical equipment installation or security advisory functions without adequate skills or qualifications.

The different requirements for licence and registration holders also increase the administrative burden on both applicants and the Victoria Police staff assessing the applications. Those providing services across both categories must complete two separate applications with differing requirements.

The different requirements for licence and registration applications require Victoria Police staff to be familiar with multiple sections of the Act as currently the requirements for licence and registration holders are spread across different sections of the Act. For instance, the circumstances under which the police must refuse to grant a private security licence or registration are contained in four different sections of the Act. This can increase the time taken to assess an application. Merging licensing and registration under one a single licensing scheme will streamline the process of assessing applications and can help reduce time taken in granting a licence.

### Private Security Regulations 2016

The Act contains a regulation making power, under which the Regulations are made. The Regulations came into effect on 26 June 2016 and prescribe:

* individuals to whom the whom the Act does not apply
* particulars and documentation that must be included in a licence or registration application
* fees for licences, registration and permits
* requirements for licence and registration holders to keep permanent records and associated penalties for non-compliance
* clarification relating to crowd controllers’ identification and recording duty times for crowd controllers
* infringement notices and infringement penalties for offences against sections of the Act
* other matters required for the purposes of the Act.

While it is the Act that creates the obligation for applicants to meet the probity and competency requirements, the Regulations provide clarity on meeting these requirements by prescribing the particulars and documents required to support an application. The particulars prescribed by the Regulations for individual and business private security licence and registration applications are outlined in Table 1.1 and Table 1.2 respectively. As the tables show, the key distinction between licence applications and registration applications is the requirement to provide details and documents proving the licence applicant’s training, qualification, or experience. This requirement does not apply to registration holders.

Table 1.1: Particulars prescribed for private security individual applications

|  |  |  |
| --- | --- | --- |
| **Category** | **Licence** | **Registration**  |
| Security activities to be authorised  | ✓ | ✓ |
| Given names, surnames, postal and residential address of the applicant | ✓ | ✓ |
| Date of birth of the applicant  | ✓ | ✓ |
| Name and address of any employer of the applicant  | ✓ | ✓ |
| Details of any indictable or disqualifying offences | ✓ | ✓ |
| Qualifications, knowledge, training, or experience relevant to each activity sought under the licence | ✓ | 🗶 |

Table 1.2: Particulars prescribed for private security business applications

| **Category** | **Licence** | **Registration**  |
| --- | --- | --- |
| Security activities to be authorised  | ü | ü |
| Personal details including name, surname, postal and residential address of applicant and close associates of applicant (for renewal only) | ü | ü |
| Name and Australian Company No. of the body corporate (if registered under the *Corporations Act 2001*) | ü | ü |
| Any additional names under which the body corporate intends to carry on business | ü | ü |
| For renewal by a body corporate: given names, surname, postal and residential address of the nominated person, each officer of the body corporate, and any close associate of the body corporate | ü | ü |
| Date of birth as follows:* For applications by a natural person: date of birth of the applicant and any close associates.
* For applications by a body corporate: date of birth of the nominated person, each officer of the body corporate, and any close associate of the body corporate.
 | ü | ü |
| Trading name (if applicable) and ABN  | ü | ü |
| Indictable offences, bankruptcy declarations, insolvent under administration | ü | ü |
| Membership of approved security industry organisation relevant to private security activities sought under the licence | ü | û |
| Qualifications, knowledge, training, or experience relevant to each activity sought under the licence | ü | û |

The Regulations also prescribe the fees to be paid for application and variation of licences and registration by applicants. These fees are outlined in Table 1.3 below. The fees for licences and registration vary based on the number of activities to be included in the licence or registration and depend upon the type of application. Body corporates holding a business licence are charged the highest fee followed by fees for business licences held by natural persons and fees for individual licence holders.

Table 1.3: Fee units for business licence applications and renewals prescribed by the Regulations.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Category** | **Number of activities included on licence** | **Application fee for licence or renewal of licence** | **Maintenance fee - Licence fee or renewal fee for each month or part of month for which a licence is granted or renewed** | **Total fee over a three-year licence period** |
| Business licence held by natural persons  | 1 | 9.68 | 1.56 | 65.84 |
| 2 | 10.65 | 1.66 | 70.41 |
| 3 | 11.61 | 1.86 | 78.57 |
| 4 | 12.58 | 1.96 | 83.14 |
| 5 | 13.55 | 2.06 | 87.71 |
| Business licence held by body corporates | 1 | 16.13 | 2.54 | 107.57 |
| 2 | 17.74 | 2.83 | 119.62 |
| 3 | 19.35 | 3.08 | 130.23 |
| 4 | 20.97 | 3.32 | 140.49 |
| 5 | 22.59 | 3.56 | 150.75 |

Table 1.4: Fee units for individual licence applications and renewals prescribed by the Regulations.

| **Category** | **Number of activities included on licence** | **Application fee for licence or renewal of licence** | **Maintenance fee - Licence fee or renewal fee for each period of 2 months or part of 2 months for which a licence is granted or renewed** | **Total fee over a three-year licence period** |
| --- | --- | --- | --- | --- |
| Individual operator licences | 1 | 4.4 | 1.36 | 28.88 |
| 2 | 4.84 | 1.56 | 32.92 |
| 3 | 5.28 | 1.66 | 35.16 |
| 4 | 5.72 | 1.76 | 37.40 |
| 5 | 6.16 | 1.86 | 39.64 |

Table 1.5: Fee units for registration applications and renewals prescribed by the Regulations.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Category** | **Number of activities included on registration** | **Application fee for registration or renewal of registration** | **Maintenance fee - Registration fee or renewal fee for each month or part of month for which a registration is granted or renewed** | **Total fee over a three-year registration period** |
| Business registration held by natural persons | 1 | 7.23 | 1.17 | 49.35 |
| 2 | 7.96 | 1.27 | 53.68 |
| Business registration held by bodies corporate | 1 | 12.12 | 1.96 | 82.68 |
| 2 | 13.33 | 2.15 | 90.73 |
| Individual operator registration | 1 | 3.23 | 1.00 | 21.23 |
| 2 | 3.66 | 1.08 | 23.10 |

At the 2024-25 fee unit value of $16.33, the cost of a three-year licences and registrations ranges as follows depending on the number of authorised activities on the licence or registration: [[3]](#footnote-4)

* private security individual licence: $471.70 to $647.30
* private security business licence (natural person): $1,075.20 to $1,432.20
* private security business licence (body corporate): $1,756.60 to $2,461.80
* private security individual registration: $348.10 to $377.30
* private security business registration (natural person): $805.90 to $876.60
* private security business registration (body corporate): $1,350.10 to $1,481.60.

The Regulations stipulate that for applicants who apply for a firearms licence at the same time as they apply for their private security licence, the application fee for the private security licence is reduced by 50 per cent.

The Regulations also prescribe fees for variation of licences and registrations to include additional activities on licences and registrations. These are set as follows in Table 1.6:

Table 1.6: Prescribed fee units for variation of licences to authorise additional activities.

| **Category** | **Prescribed application fee for consideration of application by the Chief Commissioner**  | **Prescribed variation fee for the variation of the registration** |
| --- | --- | --- |
| Business licence held by a natural person | 4.84 | 13.86 |
| Business licence held by a body corporate | 8.06 | 23.09 |
| Private security individual operator licence  | 2.2 | 6.23 |
| Business registration held by a natural person | 3.62 | 10.39 |
| Business registration held by a body corporate | 6.06 | 17.32 |
| Private security individual operator registration  | 1.66 | 4.67 |

The Regulations also prescribe a fee of 2.25 fee units for varying or revoking a licence and registration condition. Additionally, the Regulations also prescribes fees for interstate and international bodyguards working in Victoria temporarily as well as to issue a duplicate licence document.

### Role of Victoria Police

Victoria Police is the Regulator of the private security industry under the Act and the Regulations. Victoria Police’s Licensing and Regulation Division (LRD) issues licenses and registrations for the private security industry. The LRD also has the authority to renew, suspend, cancel, or vary licences and registrations. Victoria Police also has inspection and enforcement powers in relation to the private security industry under the Act. Victoria Police also administers the fees for private security licence and registration applications.

The Act authorises the Chief Commissioner of Victoria Police to set training requirements for private security licensees. Victoria Police lists the training requirements for each licence activity type and the approved Registered Training Organisations on its website.[[4]](#footnote-5)

#### High-level application process for licences and registration

Based on the requirements outlined in the Regulations as well as guidance materials available on Victoria Police’s website, applicants for a new private security licence or registration must: [[5]](#footnote-6)

* fill in the application form through Victoria Police’s eServices Portal
* print out the submitted application form and send the form along with the required supporting documentation via post to the LRD for processing
* have their photograph taken at an approved VicRoads photo point and have fingerprints taken if applying for a licence.

Upon successful processing of application, applicants are sent their plastic licence via post.

## Recent review into the private security industry

The private security industry in Victoria has been subject to a significant review over the past five years. This is briefly described in this section.

### Review of the Private Security Industry 2021

A detailed review of the private security industry was undertaken in 2020-21 with a view of raising professional standards in the industry, improving safety for workers and the community, and improving access to fair pay and conditions for workers.[[6]](#footnote-7) The review assessed the licensing system and the regulatory framework to identify necessary changes for enhancing safety and security. It specifically evaluated whether the existing two-tier system of licensing and registration was still needed. The review noted that the two-tier system created ambiguity and potentially reduced compliance if registrations were perceived to be a lower tier category under the current framework.[[7]](#footnote-8) DJCS noted in its final report on the review that stakeholders had overwhelmingly supported the introduction of a single-tier licensing system.[[8]](#footnote-9)

In addition to the licensing and registration system, the review also investigated the suitability of the current training and competency requirements, the monitoring and compliance arrangements under the Act, employment framework and practices, and a jurisdictional comparison of regulation of the private security industry. The Review recommended refresher training for all applicants prior to applying for a licence renewal. This requirement for refresher training has been introduced through the amending Act.

### COVID-19 Hotel Quarantine Inquiry

In addition, this inquiry was instituted to examine the Hotel Quarantine Program which had been introduced in response to the COVID-19 pandemic. The program was instituted to quarantine international travellers returning to Victoria to prevent the spread of COVID-19 and relied on private security guards to oversee the travellers quarantined in the hotels. In addition to a full investigation of the establishment and oversight of the Program, the inquiry also examined the role and nature of the private security industry. While the review was critical of the decision to use private security to manage the Program, it did not make findings against private security workers. However, the Inquiry noted several issues with the private security industry including a heavy reliance on subcontracting, sham contracting, insecure work and underpayment of wages, and poor training.[[9]](#footnote-10) These issues were consistent with those identified in the Review of the Private Security Industry set out at 1.3.1.

## Victoria’s private security industry

As discussed in section 1.2.1, Victoria currently operates a two-tiered industry licensing scheme for the private security industry with participants required to obtain a licence or registration based on the nature of their work. Activities requiring licences and registration are outlined in Table 1.7 and Table 1.8 respectively. Businesses that provide these services are required to obtain a business licence or registration.

Table 1.7: Class A activities requiring licences

| **Activity**  | **Description**  |
| --- | --- |
| Security guard  | A security guard is a person employed or retained to protect, watch, or guard any property by any means including patrolling the property in person and by monitoring the property via closed circuit television (CCTV) or similar devices.Security guards can be licenced to perform up to six sub-activities, with each sub-activity requiring fulfilment of training qualification. These sub-activities include:* **unarmed guard**: person employed to protect, watch, or guard any property while unarmed
* **armed guard:** person employed to protect, watch or guard any property while being with a firearm
* **cash-in-transit guard:** person employed to collect, transfer and/or deliver cash or other valuables while armed with a firearm
* **control room operator**: guard monitoring activity via CCTV monitors or similar means
* **monitoring centre operator**: operator employed to work in a centre monitoring intruder alarm
* **guard with a dog**: person employed to protect, watch or guard a premises with a dog.
 |
| Crowd controller | A crowd controller is employed or retained to maintain order at any public place by doing any of the following:* screening entry into a premises
* monitoring or controlling behaviour in a premises
* removing a person from a premises.
 |
| Bodyguards  | A bodyguard is a person employed or retained to provide a close personal protection service.  |
| Investigators  | Investigator is a person who, on behalf of another person, is employed or retained to obtain and provide information regarding the personal character, actions, or location of any person. This includes investigating in the following areas:* fraud and risk management
* aviation accidents and losses
* marine losses
* occupational health and safety
* family law
* criminal law
* consumer law
* intellectual property.
 |
| Private security trainers | Private security trainers are engaged by a registered education and training organisation to provide or assess private security training.  |

Source: Victoria Police

Table 1.8: Class B activities requiring registration

|  |  |
| --- | --- |
| **Activity**  | **Description**  |
| Security adviser  | Person employed to provide advice in relation to security equipment or principles |
| Security equipment installer | Person employed to install, repair, service or maintain security equipment |

Source: Victoria Police

There were over 35,000 individual private security licence holders and nearly 900 private security business licence holders in Victoria as of 31 December 2023.[[10]](#footnote-11) The sector experienced strong growth in 2023 with a 13% increase in the number of individual security licence holders between 2022 and 2023. The number of licensed businesses increased by 5.6 per cent over this period. The number of individual and business registration holders only experienced a small increase of around 1 per cent in this period. As Table 1.9 below shows, individuals and businesses holding licences for crowd control and security guard make up the bulk of the sector. The breakdown of individual registration holders is depicted in Table 1.10.

Table 1.9: Breakdown of private security licence holders as on 31 December 2023

| **Activity /Activities**  | **Number of individual licence holders** | **Number of business licence holders** |
| --- | --- | --- |
| Security guard  | 1,054 | 164 |
| Crowd controller  | 210 | - |
| Investigators  | 884 | 85 |
| Private security trainer  | - | 23 |
| Crowd controller, security guard  | 31,517 | 439 |
| Bodyguard, crowd controller, security guard  | 835 | - |
| Crowd controller, investigator, security guard  | 284 | 30 |
| Private security trainer, crowd controller, security guard  | 151 | - |
| Other  | 318 | 138 |
| **Total** | **35,249** | **879** |

Source: Australian Security Industry Licensing Report 2024.

Table 1.10: Breakdown of private security registration holders as on 31 December 2023

|  |  |
| --- | --- |
| **Activity /Activities**  | **Number of individual licence holders** |
| Security advisor | 563 |
| Security equipment installer | 1,462 |
| Security advisor, security equipment installer | 2,601 |
| **Total** | **4,626** |

Source: Australian Security Industry Licensing Report 2024.

There were 988 businesses holding private security registration on 31 December. The breakdown of business registration holders is not available.

## Preparation of the RIS

The key purpose of this RIS is to assess the impact of remaking the sunsetting Private Security Regulations 2016 and to operationalise the recent amendments to the Act.

This RIS has been prepared in accordance with the *Victorian Guide to Regulation,[[11]](#footnote-12)* which provides a best practice approach to analysing any proposed regulatory intervention. This RIS estimates the impact of the proposed Regulationson Victorian businesses and community.

The key steps in the process to introduce the proposed Regulations are:

* preparation of the RIS (this document)
* independent assessment by Better Regulation Victoria (BRV)
* public comment on the proposed Regulations
* reviewing responses from public consultation prior to introducing the proposed Regulations.

### The Victorian Government’s Pricing Principles

The RIS also draws upon the Victorian Government’s *Pricing for Value* guide. The guide introduces Pricing Principles which decision makers are encouraged to consider when pricing government services. The *Pricing for Value* guide builds upon the Department of Treasury and Finance’s previous Cost Recovery Guidelines, which were underpinned by the key principle of setting fees and charges on a full cost recovery basis for the efficient and equitable use of government resources.

Under the Pricing for Value framework, cost recovery is one framework among a broader range of 12 Pricing Principles. These include potential scenarios where setting prices of individual regulatory activities, at, above, or below the cost of those activities may be warranted. For example, setting prices above cost can send price signals to regulated parties about the higher risk associated with their activities, or setting prices below cost to avoid creating a barrier to entry or unintended negative consequences.

The 12 Principles are outlined in Table 1.11 below. As the Regulations prescribe fees, analysis of their appropriateness is required in line with relevant Pricing Principles.

Table 1.11: Victorian Government’s Pricing Principles

|  |
| --- |
| **Pricing Principles**  |
| **Principle 1:** Prices should reflect costs  |
| **Principle 2:** Costs should be recovered from those who benefit from or trigger the need for regulation  |
| **Principle 3:** Services creating broad benefits for the community should be price to support efficient consumption  |
| **Principle 4:** The cost of interagency services should be borne by the user agency  |
| **Principle 5:** The price of services should not limit access to those with a lower ability to pay  |
| **Principle 6:** Users should pay for differentiated service based on the value created by the differentiation  |
| **Principle 7:** The public should share in the value generated by pricing based on user differentiation  |
| **Principle 8:** Pricing should support positive behaviours  |
| **Principle 9:** Pricing should ensure sustainable usage of public services and reflect the value of natural resources  |
| **Principle 10:** Where services are in competition with the private sector, pricing should be relative to market prices  |
| **Principle 11:** Pricing structures should be easy to understand  |
| **Principle 12:** Pricing arrangements should be monitored annually and reviewed periodically  |

# The problem and objectives

This chapter outlines the nature and scale of the problem the proposed Regulations seek to address.

## Rationale for government intervention in the private security industry

Private security plays an integral role in protecting people, property, assets, and information in Victoria. The use of private security is common across a range of sectors including large public events, hospitals, government and corporate environments, hospitality, retail, entertainment venues, and cash in transit management. Private security providers often interact directly with the public and can have access to sensitive areas and information. They also often work in challenging environments such as interacting with people under the influence of alcohol and/or illicit substances. Therefore, it is important that the sector be effectively regulated to mitigate potential risks to the public and to the providers.

Government intervention in the sector is critical for ensuring probity and competency in the industry. The Act introduces the requirement for individuals and businesses working in the sector to obtain a licence or registration authorising them to undertake private-security related activities. The Act requires Victoria Police to be satisfied that the applicant meets the probity and competency requirements and that granting the licence is in the public interest. The private security industry has been identified as being vulnerable to infiltration by organised crime groups for reasons such as access to property and confidential information and opportunities for distribution of illicit goods and services.[[12]](#footnote-13) Therefore, requirements prescribed in the Act such as probity checks of close associates for private security business licences and registrations can help minimise criminal involvement in the industry.

Government-mandated training requirements can ensure that all private security providers undergo a standardised training program, such as Certificate III in Security Operations, to prepare them for their roles. Without consistent training requirements, there can potentially be significant variability in the quality of training programs and competencies of providers. Security guards undertaking activities such as cash in transit guards and armed security guards carry firearms in the course of their jobs. Legal requirements to obtain a firearms licence along with a private security licence and to undergo annual re-qualification training,[[13]](#footnote-14) are critical to ensuring that the guards are well-trained in operating them. Therefore, government-issued private security licences and registrations serve as a baseline verification of an individual’s/business’ qualifications, training, and suitability for undertaking security activities.

Government oversight also enables accountability within the sector. Licenced and registered individuals and businesses are required to adhere to the requirements of their licences or registrations. Provisions in the Act allow for the suspension or cancellation of licences/registrations in case the holder becomes a prohibited person or is found guilty or convicted of an offence or otherwise ceases to be considered a fit and proper person to hold a licence or registration. In 2022-23, Victoria Police suspended 103 private security licences and registration and cancelled another 149 licences and registrations.[[14]](#footnote-15) This can serve as a deterrent to engaging in unethical and unlawful behaviour.

## Specific rationale for the Regulations

### Problems, causes and harms that have required the amended Act and supporting regulations

The amended Act seeks to improve the integrity of the private security industry and efficiency of administering the regulatory framework. This includes reducing the prevalence of sham contracting, inadequate refresher training, and inconsistent licensing.

Independent contracting is widely used as a means of engaging workers in the industry. Genuine independent contracting is a legitimate business arrangement, however, sham contracting can occur when an employer attempts to disguise an employment relationship as a contractor relationship by engaging individual Australian Business Number (ABN) holders providing labour only. This practice avoids payment of superannuation, penalty rates for night shifts, weekends, public holidays, overtime payments, or any form of paid leave. Under the Section 50 of the *Fair Work Act 2009*, it is unlawful to misrepresent an employment relationship as an independent contracting relationship. It is difficult to accurately measure the extent of sham contracting in the industry, however, feedback from the Minister for Police’s industry advisory body, the Victorian Security Industry Advisory Council (VSIAC), indicates the practice is widespread. While regulation of sham contracting is largely an issue for the Commonwealth Fair Work Ombudsman through the *Fair Work Act 2009*, the amended Act seeks to deter sham contracting by requiring a person seeking to operate under an ABN as an individual security supplier to also obtain a business private security licence. This makes it much harder for employers to ask individual workers to work as independent contractors so they can inappropriately avoid paying employment related costs.

Refresher training describes retraining undertaken by a person already qualified or previously assessed as competent in a field with the intention of updating skills and/or knowledge to a changed standard or providing the opportunity to ensure that no important skills or knowledge have been lost due to lack of use. There are a number of causes which contribute to inadequate refresher training. The central reason is that refresher training is not expected or mandatory for licence holders when renewing their licence. A lack of refresher training in the industry means that workers in crowd control and club/pub security may not have updated training in conflict resolution and safe restraint techniques for many years. Regular refresher training is viewed as critical to ensuring workers have the most up to date skills to complete their roles safely and competently, and the amended Act will require workers in high-risk roles (e.g., crowd controllers) to undertake refresher training prior to licence renewal.

Inconsistency of licensing in the industry is related to the current requirements in the Act for Class A licences and Class B registration. The rationale for creating a two-tiered licensing scheme at the Act’s inception was Class A activities were viewed as attracting higher risk, both to workers and community safety, and that training was critical for these workers. There was also a concern that small businesses installing security equipment would be unduly burdened by having to apply for a licence.

The central harm associated with the two-tier licensing and registration system relates to the lack of prescribed training to obtain a registration compared to a licence. The security equipment installation and advice sector has evolved significantly over time with the advancement of technology and is playing a crucial role in communicating with private security guards and other security activity providers to manage incidents. Those working in the technical sector increasingly have access to Government and private enterprise electronic information. There are also regulatory inefficiencies associated with the two-tier licensing and registration system. It places an administrative burden on individuals and business who undertake both Class A and Class B activities and must therefore complete multiple applications with different requirements. The current licensing and registration system also creates regulatory inefficiencies for the regulator who must provide extensive training to staff on multiple sections of the Act to be able to accurately assess licence and registration applications. To address these harms, the amended Act replaces the current two-tier system, which requires most sectors of the industry to obtain a licence and others to obtain registration, with a single tier licensing system.

Just as the current Regulations give effect to licensing scheme in the current Act by setting out the prescribed particulars and documents required to support an application and the fees charged for applications, the proposed Regulations are required to give effect to the single tier licensing scheme under the amended Act by similarly prescribing the required particulars, documents and fees.

### Efficiency of licence applications and other administration

The Regulations are intended to support the effective functioning of the amended Act. While the amended Act will specify the probity and competency requirements that must be met to be granted a licence, the Regulations list the documents and particulars required to be included to fulfil these requirements. This provides the industry and Victoria Police with the certainty over documents and information required. While it is likely that Victoria Police would provide guidance to applicants regarding the required documentation in the absence of Regulations, this guidance would not have the legal authority that the Regulations do. Victoria Police would likely not have a legal basis for rejecting applications with insufficient or incorrect documentation in the absence of legally prescribed documentation requirement.

The Regulations prescribe the requirement for private security businesses to keep permanent records of services provided by them including the name and address of the person requesting the service, the date the service was requested and was provided, the nature of services provided, and the names and addresses of any persons engaged to provide these services. While it is likely that businesses would hold these records for business purposes even in the absence of Regulations, Victoria Police would not have the authority to inspect these records. It is the Regulations that grant Victoria Police the power to inspect the records and prescribes fines for both failing to keep records and for failing to make the records available for inspection. These records are important for Victoria Police’s monitoring and compliance activities.[[15]](#footnote-16) The Regulations also require crowd controllers to record their start and finish times along with their signatures for each duty period. This requirement ensures that accurate records are available in case of any incidents involving crowd controllers.

### Cost recovery for the administration of the regulatory framework

The Regulations provide a mechanism for Victoria Police to recover the cost of issuing licences and for regulating the sector through prescribing the fees for private security licences. In the event of the Regulations sunsetting without being remade, Victoria Police would still need to regulate the private security industry and issue licences to individuals and businesses working in the industry. However, in the absence of the Regulations prescribing the fees, the cost of administering the Regulations would need to be funded through other sources such as consolidated revenue or from Victoria Police’s budget. This would shift the cost burden from those who gain a direct benefit from the services (the private security industry) to the Victorian community.

#### Revenue received from private security licensing and registration

Data provided by Victoria Police indicates that private security fees generated between $6.25 million and $9.44 million per annum in net revenue from 2016-17 to 2023-24. There was a slightly positive trend in total net revenue during most of the life of the sunsetting Regulations. The increase to $9.14 million in the 2022-23 financial year (from $7.86 million in 2021-22) was because of the policy decision to cease issuing short-term private security licences.

#### Cost base for private security licensing and registration in financial year 2024-25

Data provided by Victoria Police indicates a total cost base of $10.74 million for FY2024-25 in regulating the private security sector. This includes the direct cost of processing new, renewed and varied private security licences and registrations, regulatory costs such as monitoring and compliance activities, and indirect overheads associated with enabling regulatory activities. The breakdown of the costs in FY2024-25 is provided in Table 2.1 below and expanded on in Appendix 8.2.

Table 2.1: Breakdown of Victoria Police cost base relating to private security in FY2024-25

| **Cost type**  | **Cost ($ millions)** |
| --- | --- |
| Licensing and Regulation Division  | 5.42 |
| Legal Services Department | 0.19 |
| State Liquor Unit | 0.20 |
| Regulatory Services Effectiveness Division | 0.69 |
| Divisional Firearm Officers | 0.23 |
| Other related Victoria Police policing | 2.37 |
| Technology costs\* | 1.59 |
| Printing costs | 0.05 |
| **Total** | **10.74** |

*\*Technology costs relate to the on-going costs of producing private security licences, software licence, maintenance, and technical support for Victoria Police Licence and Registration System and private security e-forms. Costs have also been attributed for implementation of a new registry management system.*

To estimate the expected on-going costs for Victoria Police and other related government administration cost centres, a 10-year average annual cost was calculated. The calculated costs assume that future costs will reflect current costs (in terms of volume and type of resources) and accounts for growth in wages and inflation. The breakdown of costs as a 10-year average annual costs is provided in Table 2.2 below and expanded on in Appendix 8.2.

Table 2.2: Breakdown of Victoria Police cost base relating to private security, as a 10-year average from FY2025-26 to FY2034-35

| **Cost type**  | **Cost ($ millions)** |
| --- | --- |
| Licensing and Regulation Division  | 6.66 |
| Legal Services Department | 0.22 |
| State Liquor Unit | 0.24 |
| Regulatory Services Effectiveness Division | 0.82 |
| Divisional Firearm Officers | 0.27 |
| Other related Victoria Police policing | 2.79 |
| Technology costs | 4.06 |
| Printing costs | 0.05 |
| **Total** | **15.12** |

It should be noted that the extent of on-going costs that can be attributed to regulation of the private security industry are uncertain. This is due to the introduction of the amending Act and implementation of the single-tier licensing system (by 19 June 2025) as well as potential efficiency gains that may be achieved through implementation of the new registry management system (planned for completion by 2028).

#### Application volumes received by Victoria Police

Chart 2.1 depicts the application volumes received by Victoria Police each year since 2016-17, when the Regulations were last remade. An average of 18,354 applications were received by Victoria Police each year over this time. Renewal applications were the largest volume category, followed by new applications. In 2023-24, however, the applications were almost evenly split between new and renewal applications. There were a relatively small number of variation applications received each year. Individual operators are the largest group of applicants, accounting for 96 per cent of applications on average annually between 2016-17 and 2023-24.

: Application volumes received by Victoria Police 2016-17 to 2023-24



Source: Victoria Police.

According to data provided by Victoria Police, the LRD received a total of 19,079 applications from individuals and businesses in 2023-24 (and received 18,679 payments from regulated entities). A total of 17,513 applications were approved, indicating an approval rate of nearly 92 per cent. As stated in section 1.2.2, the Regulations prescribe two fee components namely an application fee that is paid by all applicants and a licence maintenance fee that is paid by those successful in obtaining a licence. Table 2.3 below shows the total volumes of application types in 2023-24.

Table 2.3: Volumes of applications received and approved in 2023-24

|  |  |  |
| --- | --- | --- |
| **Category** | **Applications received** | **Applications approved** |
| New applications  | 9,715 | 8,332 |
| Renewal applications | 8,916 | 8,791 |
| Variations  | 448 | 390 |
| **Total applications** | **19,079** | **17,513** |

Source: Deloitte analysis of Victoria Police data.

## Objectives

In assessing whether to remake the Regulations, the relevant objectives are to regulate the private security industry in a manner that:

* mitigates the potential risks to community safety and wellbeing posed by the private security industry, if industry standards and practices are deficient or inappropriate persons or businesses operate in the industry
* imposes the minimum efficient level of regulatory burden on the private security industry
* prescribes fees that send appropriate price signals to the economy regarding the full cost of providing the services, are paid by those who benefit from the service, and do not pose a disincentive for industry participants to be licenced.

#  Options design and analysis methodology

This chapter describes the approach to options design for remaking the sunsetting Private Security Regulations, as well as the methodology employed for analysing the options.

## Options development

As part of the RIS process, it is necessary to consider different options that could achieve the Victorian Government’s objectives. The *Subordinate Legislation Act 1994* requires a RIS to consider “other practicable means of achieving [the] objectives, including other regulatory as well as non-regulatory options.” This includes consideration of a range of approaches, including co-regulation and non-regulatory approaches, and those that reduce the burden imposed on businesses and/or the community.

A non-regulatory option to address the problems discussed in Chapter 2 is the introduction of guidelines by Victoria Police to outline the required documentation to accompany licence applications. The Act requires applications to be accompanied by the prescribed particulars, documents, and fees while the Regulations prescribe these requirements. In the absence of the Regulations, Victoria Police could develop guidance materials outlining the requirements and publish fees on their website to provide clarity to the industry. However, these guidelines would not have the legal authority that Regulations do. Therefore, remaking the Regulations is the only viable option.

The two areas for analysis in this RIS are remaking of the licensing requirements and the prescription of fees for licensing activities. Options considered and their analysis is contained in Chapters 4 and 5 respectively.

## Multi-criteria analysis methodology

This RIS has used multi-criteria analysis (MCA) to compare and assess the options identified in Chapter 4 and 5. MCA involves a structured assessment of the different options using a series of criteria. This approach has been chosen as the preferred analysis tool as it provides a structured, balanced, and transparent approach that can effectively highlight the key trade-offs for decision making, particularly in the presence of uncertainty.

MCA requires judgement as to how the proposed options will contribute to a series of criteria selected to reflect the benefits and costs associated with each option. Each criterion is assigned a weight reflecting the Victorian Government’s view of how important the criterion is in informing the policy decision. A weighted score is then derived for each option, and the option with the highest weighted score is then selected as the preferred option. The MCA technique is outlined in Figure 3.1.

: MCA approach

|  |
| --- |
| MCA is a technique used to assess policy options against a set of decision criteria. It enables a transparent comparison of options using a mixture of quantitative and qualitative information and allows analysis to consider a wider range of criteria (e.g. equity considerations) which are not typically included in other common economic analyses, like a break-even analysis. All necessary subjective judgements and assumptions used to determine options and criteria, and to assign scores and weights, are explicitly articulated. The preferences of the decision maker reflected in these judgements and assumptions can be readily changed through a sensitivity analysis or by incorporating alternative indicators. |

### Application of the Pricing Principles

The Regulations enable Victoria Police to charge fees to recover the costs of issuing private security licences and registration and of regulating the sector. In line with the objectives of the Regulations to recover the costs of efficiently administering the Act and the proposed Regulations through cost-reflective and equitable fees, the pricing principles from *Pricing for Value* (see section 1.5.1) have then been applied in this RIS to identify options for changes to the current fee settings.

The primary Pricing Principles considered most relevant for this RIS are discussed below. These Principles have been selected as the they most closely align with the objectives of the proposed options to be considered. The Pricing Principles selected are:

**Principle 1: Agencies should aim to recover the full costs of service provision to promote efficient consumption.**

Principle 1 articulates a foundational financial sustainability aspiration for any set of fees for government services or activities and promotes cost recovery as a means to encourage efficient demand for government services. The fees associated with private security applications aim to support financially sustainable and efficient regulatory activity, so principle 1 is relevant to the assessment of fee options.

**Principle 2: The cost-of-service provision should be borne by those who benefit from the service.**

Principle 2 aligns with the equity objective of cost recovery for regulatory services. Recovering the cost of regulatory services from its beneficiaries (rather than those costs being borne by the public through consolidated revenue) ensures that those who directly benefit from the services are not cross subsidised by those who do.

The broad concept of imposing a fee structure for the private security industry aspires to apportion regulatory costs in line with the benefits associations receive from them. This makes principle 2 relevant to assessing fee options.

**Principle 5: The price of services should not limit access to those with a lower ability to pay.**

Principle 5 aligns with the equity objective of cost recovery for regulatory services. Principle 5 aspires for the cost imposed on regulated entities to not impinge on regulated entities’ ability to access those regulatory services. As identified at Section 1.4, there are currently approximately 40,000 individual private security licence and registration holders, and nearly 1,900 business licence and registration holders in Victoria. While some business licence-holders are large private security firms, most of the sector consists of individuals holding a security guard licence. Consultations with stakeholders reveals that the cost of licences for Class A activities are typically borne by the individual themselves rather than being paid for by their employers. As businesses and individuals have significantly varying abilities to pay, Principle 5 is relevant as it can guide the development and assessment of fee options as they relate to equitable access.

**Principle 8: Pricing should support positive behaviours.**

Principle 8 aligns with the efficiency objective of cost recovery for regulatory services. Setting a price for regulatory services may deter some regulated entities from undertaking the regulated activities or lead to greater incidence of non-compliance. In turn, this non-compliance may result in the need for more intensive monitoring and compliance activities for regulators. This can reduce a regulator’s overall level of cost recovery from both lower revenue and greater disciplinary costs. Such a pricing structure causes inefficiencies, as it diverts the regulator’s resources away from its core activities and towards investigative or disciplinary activities.

Principle 8 is relevant as it can guide the development and assessment of fee options that aspire to address that risk.

**Principle 11: Pricing structures should be easy to understand and simple to administer.**

Principle 11 aligns with the efficiency objective of cost recovery for regulatory activities. Developing a pricing structure that is easy to understand promotes clarity about regulated entities’ compliance costs. This reduces queries for the regulator regarding ambiguities in the pricing structure. It also allows regulated entities to follow the pricing structure easily and quickly. In these ways, both the regulator and regulated entities operate more efficiently. Principle 11 is relevant in this instance. Fee options can be developed and assessed against their ability to provide clarity for private security providers, and simplicity of administration for Victoria Police.

### MCA criteria for remaking the Private Security Regulations

Table 3.1 and Table 3.2 below outline the criteria selected to assess the options to remaking the Regulations and for the fee structure respectively.

The criteria used to assess options for the fee structure align with the relevant Pricing Principles identified above. The primary policy objective for fee-settings within the Regulations is to recover the costs of efficiently administering the Act and the proposed Regulations through cost-reflective and equitable fees. Therefore, full cost recovery is an implicit criterion that applies across all options.

Table 3.1: MCA criteria for remaking the licensing requirements

| **Criterion** | **Description**  | **Weighting** |
| --- | --- | --- |
| Competency and probity of the private security industry | The extent to which the option contributes towards mitigating potential risks posed by the private security industry to community safety and enables confirmation that only appropriate persons and businesses are allowed to operate within the private security industry. | 50% |
| Costs to industry  | The extent to which the option imposes costs and burdens on the individuals and businesses within the private security industry | 25% |
| Costs to government  | The extent to which the option involves administrative costs on government | 25% |
| **Total** |  | **100%** |

Table 3.2: MCA criteria for fee structure

| **Criterion** | **Description**  | **Weighting** |
| --- | --- | --- |
| Effectiveness | The extent to which the option supports the overarching objectives of the Regulations and avoids unintended negative consequences. This criterion considers the impacts each fee option would have on the broader regulation of the private security industry, as well as the possible impact that each option may have on industry compliance with the Regulations.**This criterion is based on Pricing Principles 1 and 8.**  | 40 per cent |
| Equity | The degree to which an option represents an equitable fee structure and fee values. This criterion implicitly aims to avoid cross-subsidisation as far as practicable by attributing the fees and charges directly to those who trigger the need for the service. This criterion also reflects the objective of setting fees at levels that do not limit accessibility or capacity to pay.**This criterion is based on Pricing Principles 2 and 5**.  | 40 per cent |
| Simplicity | The degree to which the option reduces complexity for the industry and results in a fee structure that is easy to understand. This criterion also considers the costs to Victoria Police for implementing the identified options and the on-going reduction in complexity of administration.**This criterion is based on Pricing Principle 11.**  | 20 per cent |
| **Total** |  | **100%** |

### Weighting

The weighting of cost and benefit criteria have been neutrally weighted at a total of 50 per cent each. This is consistent with best practice as set out in Better Regulation Victoria’s Guidance Note on MCA.[[16]](#footnote-17) The defined criteria in Table 3.1 and Table 3.2Table 3.1: MCA criteria for remaking the are weighted according to their relative importance to achieving the objectives of remaking the Private Security Regulations.

For remaking the licensing requirements, the two cost criteria are weighted equally, ensuring a balanced approach to analysing the impacts of the options on both stakeholder groups. Greater weight is placed on the effectiveness and equity criteria for setting the fee structure compared to the simplicity criterion because the administrative burden of identifying the specific fee or licence type is relatively low, even if there are a wide range of fee types, so further simplification is not a priority for government.

### Scale

Under the MCA, each option is scored against the criterion on a scale from -10 to +10, based on how each option measures against that criterion in comparison to a Reference Case (see Table 3.3). The option that receives the highest weighted score on all the criteria is then selected as the preferred option. The options are scored in comparison to a Reference Case, which receives a score of zero for all criteria.

Table 3.3: options assessment criteria scoring

|  |  |  |
| --- | --- | --- |
| **Negative** | **Neutral** | **Positive** |
| -10 | -7 | -5 | -3 | -1 | 0 | 1 | 3 | 5 | 7 | 10 |
| Very high | High | Medium | Low | Very low | Nil | Very low | Low | Medium | High | Very high |

# Options for remaking the licensing requirements

This chapter outlines the approach to developing the policy options for remaking the licensing requirements in the Private Security Regulations

## Policy options

### Base Case: the amended Act comes into effect in June 2025, while the current Regulations sunset in June 2026

If the Regulations are not re-made by the time the amended Act comes into effect, there will be a one-year overlap where the current Regulations and the amended Act are both in force. This overlap period would see the Regulations mis-align with the Act (e.g. by not containing provisions to reflect consolidation of the single-tier licencing system). Under this Base Case scenario where the Regulations are not re-made, then from June 2026 onwards, the Regulations would sunset while the Act would remain in force.

The one-year overlap period is not a viable scenario and is not considered as part of the options analysis in this RIS. To enable a more effective comparison to a scenario in which the Regulations sunset and are not re-made, a ‘Reference Case’ has been established for the purpose of options analysis. The Reference Case is outlined in section 4.1.2 below.

In both the Base Case and Reference Case, the amended Act will come into force, which will see the introduction of legislative changes (e.g. registration and reference check requirements would no longer be in place past 2025).

### Reference Case: Regulations sunset and expire

The Reference Case is a counter-factual scenario used to provide a common point of comparison and incremental analysis for the proposed policy options. In the context of this analysis, the Reference Case represents a scenario where the current Regulations sunset a year early and expire. This is done to provide a reference point for analysis of impacts of the options and does not reflect consideration of the Reference Case as a viable option.

As noted in section 2.1, there is a need for regulation to ensure the private security sector appropriately protects people, property, assets, and information in Victoria. The Act sets the requirement for meeting probity and competency requirements to be granted a licence. The Regulations prescribe the particulars and documentation required in licence and registration applications and prescribe fees to recover the costs associated with the corresponding regulatory activities.

The Regulations support compliance with these requirements by prescribing the required documents and particulars. As such, most of the obligations of probity and competency arise from the Act itself. Table 4.1 below outlines the obligations introduced by the Act and those by the Regulations. Additionally, the Regulations also require that applicants include on their applications details of each security activity they are seeking to be authorised for on their licence.

Table 4.1: Requirements for a private security licence

| **Requirement**  | **Obligation imposed by the amended Act?** | **Obligation imposed by Regulations?** |
| --- | --- | --- |
|  | **Individuals** | **Businesses** | **Individuals** | **Businesses** |
| **Identity requirements**  |
| Full set of fingerprints | ü | ü | û | û |
| Given name, surname, postal and residential address, and photograph of applicant | û | û | ü | ü |
| Proof of age | û | û | ü | ü |
| Name and address of employer | û | û | ü | û |
| Australian Business Number  | û | û | û | ü |
| Certified copy of: * registration of business name
* any certificate of registration under the Corporations Act 2001
* document verifying the appointment of body corporate officers
 | û | û | û | ü |
| **Probity requirements**  |
| No contravention or failure to comply with any provision of the Act or the Regulations | ü | ü | û | û |
| Not a prohibited person[[17]](#footnote-18) | ü | ü | û | û |
| Not have convictions, findings of guilt without a conviction being recorded or be charged with a disqualifying offence[[18]](#footnote-19) | ü | ü | û | û |
| Not have convictions, findings of guilt without a conviction being recorded or being charged with a disqualifying offence for:* close associates
* nominated person of the body corporate
* any other officers of body corporate
 | û | û | û | ü |
| Two written references from a prescribed person\* | û | û | û | û |
| Name, business, residential, and postal address, proof of identity, full set of fingerprints and two written references\* for: * close associates
* nominated person of the body corporate
* any other officers of body corporate
 | û | ü | û | û |
| Certificate of currency for public liability insurance  | û | ü | û | û |
| Evidence of compliance with existing statutory workplace obligations and financial viability of the business  | û | ü | û | û |
| Details of bankruptcy or insolvency | û | ü | û | û |
| **Competency requirements**  |
| Successful completion of approved training requirements, or relevant experience or knowledge  | ü | ü | Provision of certified evidence | Provision of certified evidence |
| Evidence of refresher training where required by the Chief Commissioner | ü | û | ü | û |
| Evidence of membership of relevant security industry organisation  | û | ü | û | Provision of certified evidence |
| Evidence of first aid training (renewals only) | ü | û | ü | û |
| Evidence of membership of relevant industry organisation  | û | ü | û | Provision of certified evidence |

*\*The requirement for providing written references will be removed under the Private Security and County Court Amendment Act 2024*

Under the Reference Case, the prescribed particulars and documentation, as well as the cost recovery fee schedule, would sunset and not be replaced. In this scenario, applicants would still be required to provide documents and information to fulfil the requirements listed in the Act, however, the process of doing so would be unclear and lack legal foundation. This could create significant ambiguity regarding the requirements for applications and, by extension, the probity and competency requirements for prospective and existing licence and registration holders. The absence of clarity on such requirements would likely detract from Victoria Police’s ability to ensure private security providers act according to the purposes of the sector’s legislative and regulatory frameworks.

### Option 1: Remake the Regulations with a single licensing system

While a series of changes are proposed to be introduced through the amended Act, only the replacement of the current two-tier system of license and registration with a single-tier licensing system will have a substantive impact on the Regulations. The expected changes needed in the Regulations to reflect the amendments to the Act include language and structural updates to refer to a single tier licencing system (keeping the same particulars and documentation requirements as currently prescribed) and updates to fee-settings to align with single tier licencing system (which are addressed in Chapter 5). The Regulations will also require that crowd controllers must wear clearly visible identification. It should be noted, however, that this requirement is not expected to impose additional burden on industry as, in practice, the visible identification is already provided by the employer and the description in the Regulations is consistent with already available identification.

Due to the relatively low impact and limited range of feasible alternative options for changes to the Regulations, only the reference case and a single option are proposed for analysis for remaking the Regulations.

Option 1 would remake the Regulations with their current provisions, apart from the removal of references to registrations to reflect the introduction of a single-tiered licensing system by the recent amendment to the Act. Through this single-tier system, security equipment installers and security equipment advisors will now need to be licensed and will be subject to the same requirements as current licence holders. The other sections of the Regulations (excluding the fees) will be remade as they currently are.

Option 1 is intended to address the issues of ambiguity, inconsistency and inefficiency that are likely to result in the Reference Case. In contrast to the reference case, under Option 1, there would be a clearer process and legal foundation for the submission of required documentation in support of a licence applications. This option is intended to support more efficient administration of the legislative and regulatory frameworks.

## Options analysis

### Criterion 1: Competency and probity of the private security industry

Table 4.2: Summary of scores for Criterion 1

|  |  |  |  |
| --- | --- | --- | --- |
| **Criterion**  | **Weighting** | **Reference Case** | **Option 1 – Impact of Status Quo** relative to the Reference Case  |
| Competency and probity of the private security industry | 50% | 0 | 5 |
| **Weighted score** |  |  | **2.5** |

#### Reference Case

Under the Reference Case, the Regulations would sunset without being remade. The Act does list a small range of documents to support an application, such as the requirement to provide fingerprints. As described in section 4.1.1, the Actalso lists the probity and competency requirements that must be met before the Chief Commissioner can issue a licence to the individual or business applicant. However, since the Regulations would no longer exist, there would be no prescribed particulars and prescribed documents for applicants to provide. Applicants would only be required to meet the eligibility requirements as stated in the Act. These include proving their probity and competency, disclosing any offences and convictions, and ensuring financial suitability of the business. The absence of Regulations prescribing particulars and documents to accompany an application could potentially create ambiguity for applicants as they would be unaware of the exact information and documents to be provided.

The Reference Case is included as a point of comparison for Option 1 and is therefore awarded a score of 0.

#### Option 1: Remaking the Private Security Regulations with a single tier licensing system

**Option 1 receives a score of 5 for this criterion because it provides greater confidence of the competency and probity of the private security industry compared to the Reference Case.** As discussed above, under the Reference Case, applicants still need to satisfy Victoria Police that they meet the probity and competency requirements for holding a private security licence, however, there is no explicit guidance on the particulars and documents required to do so.

The Regulations set the requirements that provide Victoria Police with information to assess competency and probity of industry applicants. This includes:

* Consistent details of the relevant private security training each applicant has completed, which is required for those activities they seek to have authorised under the licence. While adherence to training requirements is prescribed in the Act, the Regulations specify the requirement for a certified copy of the evidence of training to be provided as part of the application. This provides greater assurance of the legitimacy of the applicant’s training record and competency.
* Disclosure of criminal activities or adverse financial circumstances are prescribed in the Regulations.
* Notification to the Chief Commissioner of Victoria Police when changes are made to close associates of private security business licence holders or changes to officers in a private security licence-holding body corporate, including proof of identity and providing details of any indictable offences, bankruptcies or insolvencies.

While the Act requires the Chief Commissioner to maintain a register of private security registration, licence and permit holders, the Regulations prescribe the particulars that must be included about the registration/licence holders. This includes the names, business address, authorised security activities, any conditions imposed, and the expiry date of the licence/registration/permit held. The additional details that are captured through these requirements provides the Victorian community with additional confirmation of the probity and competency of registration and licence holders and creates consistency in how information is managed on the register.

### Criterion 2: Costs to industry

Table 4.3: Summary of scores for Criterion 2

| **Criterion**  | **Weighting** | **Reference Case** | **Option 1 – Impact of Status Quo** relative to the Reference Case |
| --- | --- | --- | --- |
| Costs to industry | 25% | 0 | -2 |
| **Weighted score** |  |  | **-0.50** |

#### Reference Case

Under the Reference Case, applicants would face ambiguity in understanding what documentation is required for a licence or registration application. This could result in an application requiring multiple points of interaction with Victoria Police to meet the requirements under the Act or, at worst, rejection of the application itself. Alternatively, applicants would need to seek information from Victoria Police to ensure they comply with the legislative requirements. Additionally, while the Act specifies a list of requirements to be met for granting a new licence, it does not describe similar requirements for renewing licences. Since the Regulations are not remade in the Reference Case, there will be no prescribed particulars and documents to be provided for renewal applications.

Furthermore, the Regulations prescribe additional classes of persons to which the Act does not apply and, under the Reference Case, these categories of professionals would still be subject to the Act, including:

* apprentices that through the course of their training or work experience, install security equipment under supervision from an appropriately licenced private security provider
* people employed as investigators by a public entity, special body or a Council
* persons investigating matters relating to food hygiene or trade or professional standards under a contract with a public entity, a special body or Council
* employees that provide advice to customers relating to security equipment sold by them but are employed by a business that does not require a private security licence.

 The Reference Case is used as a counter-factual against which Option 1 will be compared and therefore is awarded as score of 0.

#### Option 1: Remaking the Private Security Regulations with a single tier licensing system

**Option 1 receives a score of -2 for this criterion because it imposes a marginally greater compliance cost for regulated parties.** As discussed in section 4.1.1, the requirements to be met by private security licence applicants are mostly prescribed in the Act. The Regulations only impose additional requirements for particulars and documents to be provided. For individuals, this includes the requirement to provide a photograph and certified copies of documents verifying qualifications or training for new applications.

Additional requirements for new business licences under the Regulations include the following:

* a passport-sized photo of the applicant (for a natural person) or the nominated person (for a body corporate)
* the Australian Company Number of a body corporate (if registered under the *Corporations Act 2001* (Cth))
* any additional names under which the body corporate intends to carry on the business
* the Australian Business Number (if any)
* if the applicant is a natural person and carries on the business under a business name, the certified copy of the registration of the business name under the *Business Names Registration Act 2011* of the Commonwealth
* if the applicant is a body corporate:
	+ a certified copy of a certificate of registration under the *Corporations Act 2001* (Cth)
	+ a certified copy of registration of business name under the *Business Names Registration Act 2011* if the body corporate trades under a name other than that on its certificate of registration, and if registered under the *Corporations Act 2001 (Cth)*
	+ a certified copy of a document verifying the appointment of the officers of the body corporate from Australian Securities and Investments Commission (ASIC).

These details would likely be easily available to the applicants and, consequently, it is expected that the Regulations pose only minor additional regulatory burden. The primary additional compliance cost imposed by the Regulations (not including fees) are the time costs associated with certifying documents. All other costs associated with applications (e.g. undertaking required trainings and preparing documents/forms) are driven by the Act itself or are otherwise minor requirements that are not expected to impose a burden on applicants time. In assessing compliance costs, it should be noted, that the Act has less explicit and prescriptive requirements for renewal applications. These requirements are included in the Regulations, which results in relatively larger compliance costs for renewals compared to new applications.

The primary incremental cost comes from the requirement to provide certified copies of documentation when applying – which is the only additional compliance cost quantified as part of this RIS - which is estimated to result in an annual average total cost of $378,041 (undiscounted) for individuals and an average annual cost of $8,258 (undiscounted) for businesses, leading to a total industry cost of $386,299. This is equivalent to an additional cost of $24 per individual applicant and $50 per business applicant. The present value of industry costs for new applications was estimated to be $3.13 million.[[19]](#footnote-20)

Renewals of applications and variations to licences and registrations also impose an incremental cost to the industry compared to the Reference Case. Under the Reference Case, as there would be no Regulations to prescribe particulars and documents required, applicants would not need to provide any information. Under Option 1, the Regulations retain the prescription of particulars and documents for renewals and variations, however, this is only likely to pose limited additional costs. The Regulations prescribe the same particulars to be provided for renewals as for new applications but a reduced number of certified documents are required. Applicants are only required to provide new details in situations where they have changed since the previous application.

Applications for renewals by individuals must be accompanied by certified copies of documents verifying their training, qualification, knowledge, or experience. Variation applications for individuals and businesses must be supported by certified documents proving the applicant meets the required training requirements. A range of industry stakeholders consulted indicated that business renewals take minimal effort for them to complete (see 0). However, they acknowledge that it could take some applicants, such as those from a non-English speaking background, more time to complete than others.

It is estimated that individuals would incur an average annual cost of $1.06 million between 2025-26 and 2034-35 (undiscounted) and businesses would incur annual average costs of $145,062 over this period (undiscounted) to renew licences.[[20]](#footnote-21) This is equivalent to an additional cost of $96 per individual applicant and $188 per business applicant. The present value of total costs to industry for renewals over the 10-year life of the proposed Regulations is estimated to be $10 million.[[21]](#footnote-22) The annual average cost to all individuals from variations are estimated to be $12,511 (undiscounted) and $204 (undiscounted) for businesses. The total variation costs are significantly lower than renewal costs due to the low volumes of variation applications received each year.

There is also an incremental compliance cost associated with the record keeping requirements for licence and registration holders, and for crowd controllers to record and sign off on their start and finish times. However, these records would likely be kept by private security providers in a Reference Case scenario for business purposes such as payroll, resourcing the security services requested and invoicing, and so they do not represent a significant incremental compliance cost.

In considering all additional requirements posed by the Regulations, the total annual average cost to industry from the licencing requirements of the Regulations is estimated to be $1.6 million per year (undiscounted), with the total net present value (NPV) of $13.27 million over ten years.

These costs are partially offset by the greater certainty of information and documents required to apply, which would help reduce the volume of applications with incomplete or unnecessary information. This would reduce the compliance cost for regulated parties as they would be less likely to need to alter or re-submit their applications. Furthermore, the classes of persons prescribed as exempt in Regulations from the requirements of the Act would not need to apply for a private security licence, further reducing compliance costs for the industry.

### Criterion 3: Costs to government

Table 4.4: Summary of scores for Criterion 3

|  |  |  |  |
| --- | --- | --- | --- |
| **Criterion**  | **Weighting** | **Reference Case** | **Option 1 – Impact of Status Quo** relative to the Reference Case |
| Costs to government | 25% | 0 | -1 |
| **Weighted score** |  |  | **-0.25** |

#### Reference Case

Under the Reference Case, applicants would only be required to meet the requirements listed in the Act regarding licence applications, record keeping and details of close associates and officers of licensed body corporates. The documents and requirements listed in the Act are less prescriptive than those prescribed in the Regulations, creating ambiguity for applicants and administration. The lack of clarity for applicants over the particulars and documents to be provided is expected to result in multiple interactions with Victoria Police to complete applications successfully.

The Reference Case is included as a point of comparison for Option 1 and therefore receives a score of 0.

#### Option 1 - Remaking the Private Security Regulations with a single tier licensing system

**Option 1 receives a score of -1 for this criterion because it imposes a marginally greater administration cost for government than under the** Reference Case**.** There is an incremental administration cost associated with ensuring regulated parties comply with providing all the relevant prescribed particulars and documentation in their applications compared to the Reference Case. These costs are driven by a need to verify that specific details have been provided on an application (as prescribed in the Regulations) and for the review and management of certified documents – with those applications with multiple activities listed (and a greater number of certified documents) creating the largest costs for administration.

The costs to Government to review the additional details and documentation is partially offset by the greater certainty of information and documents required to apply, which would help manage the administration cost for government associated with requiring applicants to alter or re-submit their applications. Costs could also be offset further by reduced application volumes, as there would be greater clarity over the classes of persons to whom the Act would not apply and therefore applications by exempt classes would not be required.

# Options for remaking the fee requirements

This chapter introduces and analyses the options for remaking the fee settings within the Private Security Regulations.

## Development of fee options

Analysis of the current fee settings was conducted using data provided by Victoria Police on volume of applications and the cost incurred by Victoria Police in undertaking regulatory activities relevant to the private security industry. Consultations with Victoria Police identified that the major driver of effort in regulation of the private security industry is based on variability in the licence or registration application itself. Specifically, the more activities that are included on a licence to be approved for, the greater the administrative effort required of Victoria Police. This variability in effort has directly informed one of the fee structure options to be assessed in the analysis.

The replacement of the current two-tier system of licensing and registration with a single tier licensing system (see section 1.2.1.1) necessitates a reconsideration of the current fee structure. The options considered for analysis are focused on alternative fee structures rather than alternative fee values. This is because the primary policy objective for fee-settings within the Regulations is to recover the costs of efficiently administering the Act and the proposed Regulations through cost-reflective and equitable fees. Therefore, full cost recovery is an implicit criterion that applies across all options, based on the intent that costs be fully recovered under any option, and so there is no criterion for the efficiency of cost recovery. Instead the analysis criteria are focused on the effectiveness, equity and simplicity of the fee structure itself (as outlined in further detail in section 5.3).

Current and projected levels of cost-recovery have been assessed using the current fee values, as detailed in section 2.2.3. Using the assumptions outlined, the estimated average annual revenue from private security fees is $13.86 million and the average annual cost of regulating the private security industry is $15.12 million. This results in an average annual cost-recovery position of 92%. While this percentage is slightly below full cost-recovery, due to the uncertainty of future costs – which could be higher or lower based on implementation of the new legislative requirements under the amending Act and implementation of a new registry management system – DJCS prefers to keep fee units at their current level. DJCS plans to undertake further review of the on-going cost base within three years after implementation of the new legislation.

Each option has been developed such that they align with the Victoria Government’s pricing principles and objectives identified in section 2.3, and are designed to assess the relative merits of the fee structure itself, rather than specific fee units or levels of cost recovery. The fee options assessed relate to applications for new, renewed or varied licences only, and do not consider any changes to the existing fees for permits for interstate and international bodyguards working in Victoria temporarily or for the duplicate licence document fee due to the minor volume of applications of these types (typically ranging from zero to ten applications per year). Following the selection of the preferred option for a fee structure, separate analysis is then undertaken to determine the expected future level of cost recovery and any proposed changes to specific fee values.

## Fee structure options

### Base Case

If the Regulations are not re-made by the time the amended Act comes into effect, there will be a one-year overlap where the current Regulations and the amended Act are both in force. This overlap period would see the Regulations mis-align with the Act (e.g. by not containing fee settings to account for licence applications from current Class B activities to reflect consolidation of the single-tier licencing system). Under this Base Case scenario where the Regulations are not re-made, then from June 2026 onwards, the Regulations would sunset while the Act would remain in force.

The one-year overlap period is not a viable scenario and is not considered as part of the options analysis in this RIS. To enable a more effective comparison to a scenario in which the Regulations sunset and are not re-made, a ‘Reference Case’ has been established for the purpose of options analysis. The Reference Case is outlined in section 5.2.2 below.

### Reference Case

Under the Reference Case the Regulations, including the current fee settings, would sunset and expire. In the absence of a prescribed fee schedule, Victoria Police would be unable to charge fees however would still be required to ensure that regulatory activities are financially sustainable. This could be achieved through the appropriation of consolidated revenue to cover regulatory costs, or a reduction in regulatory activities (or varying degrees of both). These responses may adversely impact the financial self-sustainability of Victoria Police’s regulatory activities for the private security industry or detract from Victoria Police’s ability to effectively regulate the industry.

### Option 1: Single fee for all individual licence application and a single fee for all business applications

Option 1 would involve consolidating the pre-existing fee settings into a single fee for individual licence applications, and a single fee for all business licence application types. This option aims to simplify the pricing structure such that it is easier for private security providers to understand, and for Victoria Police to administer. Table 5.1 demonstrates what the fee structure would look like under this option. While fee values under different options are not assessed as a point of comparison, illustrative values have been included in the table below to demonstrate what potential fee values could be under this option. The fee units are based on the current fee units prescribed in the Regulations. The fees for businesses are higher than those for individuals on the basis that assessing licences for businesses involves substantially more administrative effort than assessing licences for individuals.

Table 5.1: Indicative fee structure under Option 1

|  |  |  |
| --- | --- | --- |
| **Category** | **Fee types** | **Fee units** |
| Business licence (natural persons and body corporates) | Application/renewal fee | 103.43 |
| Variation fee | 24.93 |
| Individual operator licence | Application/renewal fee | 34.80 |
| Variation fee | 8.43 |

Note: illustrative fee values have been calculated based on the average of ‘Total Licence Fees’ for a three-year licence under each category of fees prescribed in the current Regulations.

### Option 2: Variable fee levels based on application complexity

Option 2 would involve re-structuring fees to incorporate both Class A and Class B activities under the same fee schedule, with variable pricing depending on the number of activities included on each licence application. The indicative fee structure under Option 2 is depicted in Table 5.2. Fee units have been outlined based on the number of units prescribed in the current Regulations for each fee type. New fee units have been proposed for applications/renewals on licences that require six or seven activities, in line with the average incremental increase for each new activity. The fee units are based on the current fee units prescribed in the Regulations and, like Option 1, reflect that assessing licences for businesses involves substantially more administrative effort than assessing licences for individuals. Additionally, within the categories of business licences, assessing applications concerning bodies corporates takes comparatively more time relative to natural persons. The indicative fee units in Table 5.2 illustrate the differences in effort with higher or lower fees respectively.

Table 5.2: Indicative fee structure under Option 2

| **Category** | **Fee types** | **Fee units** |
| --- | --- | --- |
| Business licence – natural persons | Application/renewal fee – 1 activity | 65.84 |
| Application/renewal fee – 2 activities | 70.41 |
| Application/renewal fee – 3 activities | 78.57 |
| Application/renewal fee – 4 activities | 83.14 |
| Application/renewal fee – 5 activities | 87.71 |
| Application/renewal fee – 6 activities | 92.28 |
| Application/renewal fee – 7 activities | 96.85 |
| Variation fee | 18.70 |
| Vary/revoke licence condition fee | 2.25 |
| Business licence – body corporates | Application/renewal fee – 1 activity | 107.57 |
| Application/renewal fee – 2 activities | 119.62 |
| Application/renewal fee – 3 activities | 130.23 |
| Application/renewal fee – 4 activities | 140.49 |
| Application/renewal fee – 5 activities | 150.75 |
| Application/renewal fee – 6 activities | 161.01 |
| Application/renewal fee – 7 activities | 171.27 |
| Variation fee | 31.15 |
| Vary/revoke licence condition fee | 2.25 |
| Individual operator licence | Application/renewal fee – 1 activity | 28.88 |
| Application/renewal fee – 2 activities | 32.92 |
| Application/renewal fee – 3 activities | 35.16 |
| Application/renewal fee – 4 activities | 37.40 |
| Application/renewal fee – 5 activities | 39.64 |
| Application/renewal fee – 6 activities | 41.88 |
| Application/renewal fee – 7 activities | 44.12 |
| Variation fee | 8.43 |
| Vary/revoke licence condition fee | 2.25 |

## Options analysis

### Criterion 1: Effectiveness

Table 5.3: Summary of scores for Criterion 1

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Criterion** | **Weight** | **Reference Case** | **Option 1****Single fee for individual and a single fee for business** | **Option 2****Variable fees based on application complexity** |
| Effectiveness | 40% | 0 | 10 | 10 |
| **Weighted score** |  | **0** | **4** | **4** |

#### Reference Case

Under the Reference Case, as the Regulations sunset without being remade, there would be no fee schedules in place to enable Victoria Police to recover the costs of processing licence applications and for undertaking compliance activities. Licences and registrations would continue to be issued under the Reference Case, but Victoria Police would need to fund these activities through other avenues. Therefore, under the Reference Case, there will be no recovery of costs for Victoria Police.

The Reference Case is included as a point of comparison for the options analysed below and is therefore awarded a score of 0.

#### Fee options

**Option 1 and Option 2 each receive a score of 10 because it is expected that both fee settings would have equal effect on the expected behaviour of the industry, and both options equally support the overarching objectives of the Regulations.** For fee-settings to be effective, they must prescribe fees that send appropriate price signals to the economy regarding the full cost of providing the services, are paid by those who benefit from the service, and do not pose a disincentive for industry participants to be licenced. If there were no fees, as is in the Reference Case, appropriate price signals would not be sent to the market nor would those who benefit pay for the service (as is assessed in further detail under the ‘equity’ criterion). For these reasons, both options receive maximum positive scores in comparison to the Reference Case.

The two options have also been assessed together for this criterion as the fees under both options are expected be set such that they do not create perverse incentives or drive negative behaviours by industry participants. While there are differences in the fee structure and there would be differences in the specific fee units (to reflect the variability under Option 2), these differences are not expected to result in different impacts on industry on aggregate. Furthermore, the variability in fees under Option 2 would be minor (e.g. $66 increase for increasing the number of activities from one to two for a three-year individual licence, based on the current fee units) and set at a level that would not disincentivise compliance with the Regulations.

### Criterion 2: Equity

Table 5.4: Summary of scores for Criterion 2

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Criterion** | **Weight** | **Reference Case** | **Option 1****Single fee for individual and a single fee for business** | **Option 2****Variable fees based on application complexity** |
| Equity | 40% | 0 | 4 | 6 |
| **Weighted score** |  |  | **1.6** | **2.4** |

#### Reference Case

Under the Reference Case, private security personnel and businesses would not pay for their licence or registration. The costs of providing the licences and registrations would be borne by Victoria Police, and by extension, the Victorian community through taxation revenue. In this instance, the parties that cause the need for the service would not contribute to the costs of activities and the costs would be cross subsidised by the Victorian community.

As the Reference Case is a counterfactual against which Options 1 and 2 will be considered, it is awarded a score of 0.

#### Option 1: Single fee all individual licence application and a single fee for all business applications

**Option 1 receives a score of 4 because the fee schedule proposed would reduce cross-subsidisation between applicants when compared with the Reference Case of no fee schedule** (where all applications are cross-subsidised through a revenue source like consolidated revenue). Under Option 1, applicants that trigger that need for and benefit from Victoria Police’s services would bear the costs of those services.

Option 1 does not receive a higher score than 4 because Option 1 proposes to consolidate all applications for licences under one fee, which would result in cross-subsidisation within application types. Applications that only have one activity to be authorised will be charged the same as those applications with multiple activities listed. Victoria Police face incremental costs in verifying each applicant’s competency to undertake each additional activity requested on the application. These cost differences would not be reflected in the fee schedule, leading to under-recovery from some applicants and over-recovery from others.

#### Option 2: Variable fee levels based on application complexity

**Option 2 receives a score of 6 because the fee schedule proposed would reduce cross-subsidisation when compared to both the Reference Case and Option 1.** As with Option 1, Option 2 enables the recovery of Victoria Police’s cost from the private security industry rather than from the Victorian community.

Option 2 is scored higher than Option 1 as it minimises the cross-subsidisation between licence holders with varying number of activities listed on the licence. It therefore better reflects the cost of processing applications more accurately than Option 1. Relative to Option 1, this means that individuals and businesses with a below average number of activities listed on their licence would pay lower fees and, conversely, individuals and businesses with an above average number of activities would pay higher fees. Similarly, independent contractors (on a natural person’s business licence) would pay a lower fee under Option 2 compared to Option 1, as they would not be grouped together with body corporates under a single business licence fee category. Further detail on the potential impacts of fees on contractors and small businesses are outlined in Chapter 7.

This option does not score higher than 6 as it does not fully reflect the varying levels of complexity posed by individual application with the variable categories, with some applications posing a higher risk than others (due to conditions associated with the individual or business applicant, rather than the number of activities) and therefore requiring more extensive probity and competency checks.

### Criterion 3: Simplicity

Table 5.5: Summary of scores for Option 3

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Criterion** | **Weight** | **Reference Case** | **Option 1****Single fee for individual and a single fee for business** | **Option 2****Variable fees based on application complexity** |
| Simplicity | 20% | 0 | -1 | -1.5 |
| **Weighted score** |  | **0** | **-0.2** | **-0.3** |

#### Reference Case

Under the Reference Case, there would be no fee settings for users to understand and for Victoria Police to administer. The Reference Case is therefore awarded a score of 0 and is used as a counter-factual for Options 1 and 2.

#### Option 1: Single fee for all individual licence application and a single fee for all business applications

**Option 1 receives a score of -1 because the fee schedule proposed would be slightly more complex than the Reference Case.** Users would need to interpret and understand the applicable fees, and Victoria Police will need to administer the fee schedule. However, as this Option only includes a single fee for each individual and businesses applicant types, it is not expected to introduce much complexity for users and Victoria Police. Consequently, Option 1 receives a modest negative score to reflect this simplicity.

#### Option 2: Variable fee levels based on application complexity

**Option 2 receives a score of -1.5 because the fee schedule proposed would be marginally more complex to administer and understand relative to both the** Reference Case **and Option 1.** Under Option 2, the fee schedule will contain multiple line items based on the number of activities requested on the licence. This makes it slightly more complex for users to understand and for Victoria Police to administer relative to the Reference Case and Option 1. However, as the additional number of fee types is limited to seven (reflecting the seven different licenced activities), it is expected that the additional complexity would be relatively minor for both industry applicants and government administration. During consultation for this RIS no stakeholders from industry or government provided feedback to indicate that a variable fee structure would be overly complex to understand and administer. Option 2 is therefore likely to impose minimal additional complexity.

# Identification of preferred options

## This chapter summarises the preferred policy and fee options based on the analysis presented in the previous chapters. Remaking the licensing requirements

The preferred option (Option 1) is to remake the Regulations with language and structural updates to reflect a single-tier licencing system. Option 1 would remake the Regulations with their current provisions, apart from the removal of references to registrations to reflect the introduction of a single-tiered licensing system by the recent amendment to the Act. Through this single-tier system, security equipment installers and security equipment advisors will now need to be licensed and will be subject to the same requirements as current licence holders. The other sections of the Regulations (excluding the fees) will be remade as they currently are.

Table 6.1 below summarises the MCA scores for Option 1. The scores are weighted according to the framework discussed in section 3.2.

Table 6.1: MCA results for remaking the Regulations

|  |  |  |  |
| --- | --- | --- | --- |
| **Criterion** | **Weighting** | **Reference Case** | **Option 1 – Impact of Status Quo relative to the Reference Case**  |
|  |  |  | **Raw score** |
| Competency and probity of the private security industry | 50% | 0 | 5 |
| Costs to industry | 25% | 0 | -2 |
| Costs to government  | 25% | 0 | -1 |
| **Total Weighted Score** |  | **0** | **1.75** |

The results of the MCA show that Option 1 scored positively compared to the Reference Case, meaning it would be more likely to deliver a net benefit to the community than the Reference Case. In considering all additional requirements posed by the Regulations, the total annual average cost to industry from the Regulations is estimated to be $1.6 million (undiscounted), with the total net present value of $13.27 million over ten years. These costs include the additional requirements that are placed on current registration holders to meet the single-tier licencing standards (as they transition away from being registration holders to licence holders).

While there are higher compliance and administration costs for industry and government under Option 1, the benefits provided by this option in terms of the competency and probity of the industry outweigh these costs. The additional details that are captured on licence holders through the prescribed regulatory requirements provides the Victorian community with additional confirmation of the probity and competency of licence holders and creates consistency in how information is managed on the register.

## Remaking the fee requirements

Of the two options for remaking fees assessed in this RIS, the preferred option (Option 2) is to remake the fee structure in the Regulations with variable fees based on application complexity. Option 2 would involve re-structuring fees to incorporate both Class A and Class B activities under the same fee schedule, with variable pricing depending on the number of activities included on each licence application. Table 6.2 below presents a summary of the MCA scores assigned to the criteria, reflecting the discussion throughout this chapter. The scores are weighted (as per the framework outlined in Chapter 3) to produce a weighted score for each option. The results of the MCA show that Option 2 is the preferred option for setting the fee structure as it has the highest weighted score of the two options considered.

Table 6.2: Summary of total scores for the fee structure

| **Criterion** | **Weight** | **Reference Case** | **Option 1****Single fee for individual and a single fee for business** | **Option 2****Variable fees based on application complexity** |
| --- | --- | --- | --- | --- |
| Effectiveness | 40% | 0 | 10 | 10 |
| Equity | 40% | 0 | 4 | 6 |
| Simplicity | 20% | 0 | -1 | -1.5 |
| **Weighted score** |  | **0** | **5.40** | **6.10** |

Table 6.3 below outlines the proposed new fee structure compared to the current fees for licence applications. The changes to the fee structure reflect the introduction of single-tier licencing system (and the removal of registrations), which results in a consolidation of fee categories and an expansion in the number of activities that an individual or business can be licenced for. In line with the approach to analysis of fee options, permits for interstate and international bodyguards working in Victoria temporarily and the fee for issuing a duplicate licence document are not included in the table and these fee types would remain the same as in the current Regulations. Additional fee tables that provide a breakdown of application, licence maintenance and other fee types are included in Appendix A.4.

Table 6.3: Proposed fees compared to existing fees

| **Category** | **Current fee types** | **Current fee units[[22]](#footnote-23)** | **Proposed fee types** | **Proposed fee units** | **Percentage change in fee units** |
| --- | --- | --- | --- | --- | --- |
| Business licence – natural persons | Application/renewal fee – 1 activity | 65.84 | Application/renewal fee – 1 activity | 65.84 | 0% |
| Application/renewal fee – 2 activities | 70.41 | Application/renewal fee – 2 activities | 70.41 | 0% |
| Application/renewal fee – 3 activities | 78.57 | Application/renewal fee – 3 activities | 78.57 | 0% |
| Application/renewal fee – 4 activities | 83.14 | Application/renewal fee – 4 activities | 83.14 | 0% |
| Application/renewal fee – 5 activities | 87.71 | Application/renewal fee – 5 activities | 87.71 | 0% |
|  |  | Application/renewal fee – 6 activities | 92.28 | n/a – new |
|  |  | Application/renewal fee – 7 activities | 96.85 | n/a – new |
| Variation fee | 18.70 | Variation fee | 18.70 | 0% |
| Vary/revoke licence condition fee | 2.25 | Vary/revoke licence condition fee | 2.25 | 0% |
| Business licence – body corporates | Application/renewal fee – 1 activity | 107.57 | Application/renewal fee – 1 activity | 107.57 | 0% |
| Application/renewal fee – 2 activities | 119.62 | Application/renewal fee – 2 activities | 119.62 | 0% |
| Application/renewal fee – 3 activities | 130.23 | Application/renewal fee – 3 activities | 130.23 | 0% |
| Application/renewal fee – 4 activities | 140.49 | Application/renewal fee – 4 activities | 140.49 | 0% |
| Application/renewal fee – 5 activities | 150.75 | Application/renewal fee – 5 activities | 150.75 | 0% |
|  |  | Application/renewal fee – 6 activities | 161.01 | n/a – new |
|  |  | Application/renewal fee – 7 activities | 171.27 | n/a – new |
| Variation fee | 31.15 | Variation fee | 31.15 | 0% |
| Vary/revoke licence condition fee | 2.25 | Vary/revoke licence condition fee | 2.25 | 0% |
| Individual operator licence | Application/renewal fee – 1 activity | 28.88 | Application/renewal fee – 1 activity | 28.88 | 0% |
| Application/renewal fee – 2 activities | 32.92 | Application/renewal fee – 2 activities | 32.92 | 0% |
| Application/renewal fee – 3 activities | 35.16 | Application/renewal fee – 3 activities | 35.16 | 0% |
| Application/renewal fee – 4 activities | 37.40 | Application/renewal fee – 4 activities | 37.40 | 0% |
| Application/renewal fee – 5 activities | 39.64 | Application/renewal fee – 5 activities | 39.64 | 0% |
|  |  | Application/renewal fee – 6 activities | 41.88 | n/a – new |
|  |  | Application/renewal fee – 7 activities | 44.12 | n/a – new |
| Variation fee | 8.43 | Variation fee | 8.43 | 0% |
| Vary/revoke licence condition fee | 2.25 | Vary/revoke licence condition fee | 2.25 | 0% |
| Business registration – natural persons | Application/renewal fee – 1 activity | 49.35 | n/a | n/a | n/a – removed  |
|  | Application/renewal fee – 2 activities | 53.68 | n/a | n/a | n/a – removed  |
|  | Variation fee | 14.01 | n/a | n/a | n/a – removed  |
| Business registration – body corporates | Application/renewal fee – 1 activity | 82.68 | n/a | n/a | n/a – removed  |
|  | Application/renewal fee – 2 activities | 90.73 | n/a | n/a | n/a – removed  |
|  | Variation fee | 23.38 | n/a | n/a | n/a – removed  |
| Individual operator registration | Application/renewal fee – 1 activity | 21.32 | n/a | n/a | n/a – removed  |
|  | Application/renewal fee – 2 activities | 23.10 | n/a | n/a | n/a – removed  |
|  | Variation fee | 6.33 | n/a | n/a | n/a – removed  |

While changes to fee values were not considered as part of the options analysis, existing fee values were used to estimate the expected on-going revenue received through individual and business application fees under the Option 2 fee structure (using current fee values), a 10-year average annual revenue estimate was calculated. The calculated revenue assumes that application volumes grow annually in alignment with Victorian population growth, that the proportion of approved applications remains constant over time and that registration-related fees are incorporated under a single-tier licensing system (with the same fee value as the current licence-related fees). Using these assumptions, the estimated 10-year average annual revenue is $13.86 million, which is equivalent to a NPV of $102 million. The underlying data and calculations of this estimate are detailed in Appendix A.3

The average annual cost of regulating the private security industry (as detailed previously in section 2.2.2) is $15.12 million. This results in an average annual cost-recovery position of 92%. While this percentage is slightly below full cost-recovery, due to the uncertainty of future costs – that could be higher or lower based on implementation of the new legislative requirements under the amending Act and implementation of a new registry management system – DJCS prefers to keep fee units at their current level. DJCS plans to undertake a review of the on-going cost base within three years after implementation of the new legislation, as detailed in section 8 of this report.

# Competition and small business impacts

This chapter assesses the small business and competition impacts from the preferred options.

## Competition impacts

As Victoria is party to the Competition Principles Agreement, regulation in Victoria is required to include a competition assessment. The Competition Principles Agreement sets out that any new primary or subordinate regulation should not restrict competition except where:

* restriction of competition is required to meet the government’s objectives; and
* the benefits of restriction outweigh the costs.

Restrictions on competition can be identified where there will be changes to the way a market functions due to the implementation of the proposed regulation. Specifically, restriction can occur where:

* the number or range of suppliers is limited
* the ability of suppliers to compete is limited
* the incentive of suppliers to compete vigorously is reduced.

Any affirmative answers to the following questions indicate that the regulation is considered to restrict competition:

Table 7.1: Competition assessment questions

| **Test question** | **Answer** | **Explanation** |
| --- | --- | --- |
| Are the proposed measures likely to limit the numbers of producers or suppliers to:* only one producer?
* only one buyer?
* less than four producers?
 | No | The proposed Regulations do not impose any new restrictions on the suppliers of private security services beyond what is already imposed by the Act itself. The slight increase in fees that is expected for the private security technicians and private security advisers (due to consolidation under a single-tier licensing system) is unlikely to have a significant impact on the supply of these services. There are currently over 4,600 individual and nearly 1,000 businesses holding private security registrations. It can be expected that the businesses will either absorb the minor additional costs themselves or pass it on their customers rather than leave the sector.  |
| Would the proposed measures restrict the ability of businesses to choose their output, price or service quality? | No | The proposed Regulations do not impose any restrictions on how businesses and individuals supply their services or on customers procuring these services. Rather the Regulations seek to support the Act in ensuring those individuals and businesses that deliver the services have met necessary probity and competency standards. Customers would be free to choose their preferred service provider as they currently do.  |
| Would the proposed measures discourage entry into the industry by new firms/individuals or encourage exit from existing providers? | No | The proposed Regulations prescribe relatively minor fees on individuals and businesses and are not expected to discourage entry into the industry or encourage exit by existing providers.  |
| Would the proposed measures impose higher costs on a particular class or business or type of service (e.g. small business)? | No | The proposed Regulations do not specifically impose higher costs on a particular business type or individual services. However, the proposed Regulations do impose minor additional costs (in terms of application fees) on those individuals and businesses that wish to provide multiple private security services and therefore required a licence for multiple activities (creating higher administrative costs for processing these applications). It is important to note, the additional costs imposed on these types of service providers are not expected to negatively impact competition, and the variability in pricing is applied industry wide regardless of the class of business or type of service. |
| Are the proposed measures likely to make it more difficult for consumers to move between or leave service providers? | No | The proposed Regulations do not impose any measures that will impact a consumer’s ability to choose their service providers.  |
| Would the proposed measures affect the ability of businesses to innovate, adopt new technology or respond to the changing demands of consumers? | No | The proposed Regulations do not impose any restrictions on the way service providers provide their security services. There are no provisions in the proposed Regulations that would inhibit security businesses from innovating, adopting new technology or responding to changing consumer preferences and demands.  |

## Small business impacts

To ensure the impacts of regulation on small business are examined appropriately, an assessment of the effects on small businesses is required. This aims to ensure that regulation does not impact business growth and productivity unreasonably, especially that of small businesses.

Small businesses can experience disproportionate impacts from regulation due to limited resources for interpretation of updates in compliance requirements, and the cumulation of different requirements. The lack of economies of scale may affect these businesses’ ability to comply with different options.

It is not expected that the proposed Regulations will disproportionately limit the ability of small businesses and natural persons to operate in the industry. The proposed fees increase as the number of approved activities increase. Small businesses providing a narrower range of services will pay less than businesses that have more activities approved on their licence. While in some cases the specific fee costs may pose a larger cost relative to revenue or profit for small businesses rather than larger businesses, the maximum fee impact is still relatively low ($527 annually for a three-year licence for natural persons, and $932 for a business registered as a body corporate) and is not expected to pose competition impacts or barriers to entry into the industry.

Furthermore, the move toward a single-tier licensing system will make it easier for the small businesses and natural persons that provide both Class A and Class B services. This is because they will not need to apply for a separate licence and registration and pay two separate fees.

# Implementation and evaluation plan

This chapter outlines the actions that DJCS and Victoria Police will undertake to implement and assess both the efficiency and effectiveness of the proposed Regulations.

## Implementation

The proposed Regulations will be implemented alongside the newly amended Act, which will incorporate the amendments made via the amending Act. The Regulations will be settled following public consultation on the Exposure Draft that accompanies this RIS. All submissions will be considered carefully by DJCS and the draft Regulations amended accordingly in consultation with Victoria Police and other key stakeholders. The final decision about any changes rests with the Minister for Police.

Once the Regulations are settled by the Office of the Chief Parliamentary Counsel, the Minister for Police will seek Cabinet approval to present the Regulations to the Governor-In-Council to be made. The expectation is that the Regulations will come into force on the same day as the amendments to the Act.

Once the Regulations are in place, in order to implement the Regulations effectively, the following, for which Victoria Police is responsible, must occur:

* Technology system changes to give effect to changes, including creating a single tier licence system, inputting fees, and creating ICT capacity to check off new requirements, removing the need for references, including capacity to record training for security trainers and advisors, setting up the new fees and generally automating as much of the application and review process as possible.
* Changes to letters and forms that are available for the guidance of applicants.
* Tracking the age of licences so that the transitional provisions in the Act are made clear to applicants (that is, registrants need to know when they need to switch to a licence).

In addition, matters referred to in the Regulations, will need to be developed. For example, a Code of Conduct to be published on the Victoria Police website; refresher training requirements; risk assessment and treatment templates as well as general education material.

These materials will require the approval of the Chief Commissioner of Police and will be owned by Victoria Police, however, both VSIAC and DJCS will provide significant support to assist in preparing these materials.

At the time of publication of this RIS, the amending Act and the proposed Regulations will come into effect on 19 June 2025, although it is possible that some simple provisions may come into effect at an earlier date by proclamation.

## Evaluation

Evaluation of the effectiveness and efficiency of the proposed Regulations once in effect will be carried out on an ongoing basis. DJCS already has robust reporting and consultation mechanisms in place with Victoria Police as well as the wider stakeholder group, VSIAC. These organisations have worked closely on the amendments that will come into effect in June 2025, starting with a review and public consultation on what needed to be changed to improve the professionalism of the industry, to the development of the proposed Regulations and this RIS.

DJCS will monitor the impact of the amendments through these mechanisms and if issues come to light, will propose amendment to the Act or Regulations to Government, as required.

In terms of the fees themselves, as set out in detail in this RIS, there are some unknowns given that costs are being apportioned over the life of the Regulations, which is 10 years. Keeping in mind that this could result in changes which affect the fees (if, for example, the fee settings have become misaligned due to some unforeseen variable), DJCS, Victoria Police and other stakeholders will be invited to raise concerns at any time during the life of the Regulations. This includes undertaking further review of the on-going cost base within three years after implementation of the new legislation. If any issues or concerns are identified with the fees and costs, DJCS will take whatever action is appropriate, in consultation with stakeholders, including those with expertise in developing cost benefit analyses.

Appendices

A.1 Stakeholder consultation summary

Consultations with representatives of the private security industry were undertaken to provide stakeholders with an opportunity to provide feedback on the proposed amendments to the Regulations and to understand the impacts of merging licences and registrations into one category. Semi-structured interviews were conducted with representatives from the following:

* Victorian Security Industry Advisory Council (VSIAC)
* Australian Security Industry Association Limited (ASIAL)
* Monitoring centres
* Private investigators
* United Workers Union.

Key themes and findings from consultations

Merging licenses and registrations into one category is a welcome change

Stakeholders consulted were largely supportive of merging registrations and licences into a single category. Stakeholders also acknowledged that while transitioning from licensing to registration would potentially increase costs, it was a necessary change and will save time for applicants. Stakeholders also noted that there was a need for consistency regarding competency requirements between licence and registration holders. One stakeholder stated that registration was a duplicative process as both licences and registrations used the same application form and that applicants holding both registration and licences were required to lodge the same form twice. The stakeholder further noted that proposed amendment will streamline to process to one application and one set of documents, saving time for the applicants.

The industry is sensitive to fee increases

Stakeholders stated that the current fee levels were set appropriately. Stakeholders, however, also stated that the industry was very sensitive to fee changes due to lower pay levels and that that significant cost increases would present as a barrier to entry and reduce the number of workers available. There was also consistent feedback that higher fees could result in greater non-compliance, with an increase in number of businesses and individuals working in the sector without a licence. Multiple stakeholders stated that employers did not typically cover the costs of individual licences for their personnel. This was due to factors such as one security guard working for multiple employers, many security guards employed part-time and a high turnover rate in the industry. One stakeholder stated that this is primarily the case for personnel and businesses as security advisors often worked for themselves. Representatives from the technical industry also stated that they cover the cost of their employees’ registration.

There are mixed reviews on the time and effort of the application

There was mixed feedback from stakeholders on the amount of time and effort required to apply for a licence and registration. Two stated that they considered the application to require minimal effort. However, they acknowledged that it would more time and effort for an applicant from a non-English speaking background. One stakeholder stated that process of filling out the application was arduous.

Stakeholders reported that the time taken by Victoria Police to process applications was a bigger concern than the application process itself. Stakeholders stated that it could take up to three months for an application to be processed and applicants were not allowed to work in the industry while their application was being processed. This could present a barrier to entry as applicants would have to wait for an extended period without any pay.

Feedback on different fee types

Stakeholders were asked for their views on the different fee options as presented and analysed in Chapter 5. One stakeholder stated that having a flat fee for application could potentially encourage some applicants to apply for every licence activity available. Charging a base fee with a small additional fee for every activity selected would therefore result in more discerning applications. Stakeholders stressed the importance of having associated training requirements to ensure applicants only apply for eligible activities, and that the current approach of incrementally discounting fees for additional activities on licences should continue. Stakeholders also raised the potential value in increasing licence application/renewal fees while also increasing the duration of a licences to five years, viewing this type of fee structure as an enabler to reduce administrative burden on both the LRD and on applicants.

Stakeholders hold concerns about LRD’s resourcing and ability to process applications

Stakeholders unanimously expressed concerns about they long timeframes and consistent delays in application processing by LRD. While stakeholders were largely appreciative of the role LRD plays in regulating the industry, there were consistent views about potential resourcing limitations negatively impacting administrative efficiency. Stakeholders expressed concerns over LRD’s capacity to process the conversion of registration to licenses. Stakeholders stated that it could currently take up to three months to process and issue licences, with fingerprinting proving to be a significant bottleneck in the process. One stakeholder stated that the requirement for registration holders to be fingerprinted when securing a licence could significantly increase waiting times. The stakeholder also observed that the long wait times could affect compliance as applicants would be tempted to work without a valid licence.

Stakeholders noted that delay in processing was compounded by the difficulty for applicants in contacting LRD about the status of their applications. One stakeholder suggested the introduction of a service delivery charter to compel the LRD in processing applications within a set time.

A.2 Cost inputs and calculations

Table A 1 LRD Fulltime Equivalent (FTE) Staff Costs, FY2024/25 and 10-year average costs

|  |  |  |  |
| --- | --- | --- | --- |
| **VPS Grade** | **No. of FTE** | **FY2024/25 Cost** | **10YR AVG Cost** |
| VPS 2  | 14.10 |  $1,649,696  |  $1,947,928  |
| VPS 3  | 4.65 |  $692,062  |  $817,172  |
| VPS 4  | 0.95 |  $168,750  |  $199,256  |
| VPS 5  | 1.00 |  $212,182  |  $250,540  |
| VPS 6  | 0.40 |  $110,148  |  $130,060  |
| Senior Constable  | 1.35 |  $239,545  |  $282,849  |
| Leading Senior Constable  | 1.80 |  $354,777  |  $418,913  |
| Sergeant | 1.35 |  $310,434  |  $366,554  |
| Senior Sergeant  | 1.35 |  $346,480  |  $409,116  |
| Inspector  | 0.45 |  $129,764  |  $153,223  |
| Superintendent | 0.40 |  $134,222  |  $158,486  |
| **Total**  | **27.80** |  **$4,348,058**  |  **$5,134,098**  |

Table A 2 Legal Services Department FTE Staff Costs, FY2024/25 and 10-year average costs

|  |  |  |  |
| --- | --- | --- | --- |
| **VPS Grade** | **No. of FTE** | **FY2024/25 Cost** | **10YR AVG Cost** |
| VPS 4  | 0.40 |  $71,052  |  $83,897  |
| VPS 5  | 0.20 |  $42,436  |  $50,108  |
| VPS 6 | 0.20 |  $55,074  |  $65,030  |
| **Total** | **0.80** |  **$168,563**  |  **$199,036**  |

*Note: Briefing costs for external Counsel of 12% of FTE costs equates to an additional $20,000 for FY2024/25 and an additional $23,616 over the 10 year average.*

Table A 3 Regulatory Services Effectiveness Division (RSED) FTE Staff Costs, FY2024/25 and 10-year average costs

| **VPS Grade** | **No. of FTE** | **FY2024/25 Cost** | **10YR AVG Cost** |
| --- | --- | --- | --- |
| VPS 3 | 0.75 |  $111,623  |  $131,802  |
| VPS 4  | 2.00 |  $355,262  |  $419,486  |
| VPS 5  | 0.75 |  $159,137  |  $187,905  |
| VPS 6 | 0.25 |  $68,842  |  $81,288  |
| **Total** | **3.75** |  **$694,864**  |  **$820,481**  |

Table A 4 Divisional Firearm Officers (DFO) FTE Staff Costs, FY2024/25 and 10-year average costs

|  |  |  |  |
| --- | --- | --- | --- |
| **VPS Grade** | **No. of FTE** | **FY2024/25 Cost** | **10YR AVG Cost** |
| Leading Senior Constables  | 23.00 |  $4,533,257  |  $5,352,777  |
| **Cost (time) attributable to private security (5%)** |  |  **$226,663**  |  **$267,639**  |

Table A 5 State Liquor Unit FTE Staff Costs, FY2024/25 and 10-year average costs

|  |  |  |  |
| --- | --- | --- | --- |
| **VPS Grade** | **No. of FTE** | **FY2024/25 Cost** | **10YR AVG Cost** |
| Sergeant  | 0.85 | $201,224 |  $237,601 |
| **Total** | **0.85** | **$201,224** | **$237,601** |

Table A 6 Other Policing FTE Staff Costs, FY2024/25 and 10-year average costs

|  |  |  |  |
| --- | --- | --- | --- |
| **VPS Grade** | **No. of FTE** | **FY2024/25 Cost** | **10YR AVG Cost** |
| Leading Senior Constables  | 12.00 |  $2,365,178  |  $2,792,753  |
| **Total** | **12.00** |  **$2,365,178**  |  **$2,792,753**  |

*Note: Other private security related police work previously undertaken by taskforces has now been decentralised and imbedded into day-to-day functions of operational members. An example of this is the recent Land Forces rally where Victoria Police operational members liaised and worked closely with, checked/validated security personnel from the Melbourne Convention Centre and Crown Casino and surrounding facilities.*

Table A 7 Other Costs provided by Victoria Police, FY2024/25 and 10-year average costs

| **Costs** | **FY2024/25 COST** | **10YR AVERAGE COST** |
| --- | --- | --- |
| Victoria Police Licensing and Registration System Private Security Costs | $612,173 | $489,042 |
| Printing Costs for Private Security | $54,771 | $54,771 |
| Digital services project | $429,303 | $386,510 |
| Electronic lodgement process (ELP) project costs | $235,274 | $235,274 |
| Summary costs provided for additional resources | $1,068,814 | $1,529,486 |
| Summary costs provided for new registry management system ongoing maintenance and support costs | $315,000 | $2,952,000 |
| **Total** | **$2,715,334** | **$5,647,082** |

*Note: Summary costs included additional resourcing requested by Victoria Police to introduce 7 Fixed term and 14 ongoing new positions (Police and VPS) to expand the capability of the Regulation Support Unit (RSU) and the Assessments and Determinations Branch (ADB) of the Licensing and Regulation Division (LRD) at a cost of approximately $1,529,486, as well as a project team to implement the change at a cost of $617,629. Additional funding of approximately $760,000 has also been requested for technical, system and website uplift requirements.*

A.3 Revenue inputs and calculations

Table A 8 Private Security Fees and Charges 2023-2024

| **Licence and Registration Fee Categories** | **No. Activities** | **Application** | **Maintenance** | **Total Licence** |
| --- | --- | --- | --- | --- |
| Individual Licence     | 1 |  $ 70.00  |  $ 389.20  |  $ 459.20  |
| 2 |  $ 77.00  |  $ 446.50  |  $ 523.50  |
| 3 |  $ 84.00  |  $ 474.10  |  $ 558.10  |
| 4 |  $ 90.90  |  $ 503.70  |  $ 594.60  |
| 5 |  $ 97.90  |  $ 532.30  |  $ 630.20  |
| Business Licence (Natural Person)     | 1 |  $ 153.90  |  $ 892.90  |  $ 1,046.80  |
| 2 |  $ 169.30  |  $ 950.20  |  $ 1,119.50  |
| 3 |  $ 184.60  |  $ 1,064.70  |  $ 1,249.30  |
| 4 |  $ 200.00  |  $ 1,121.90  |  $ 1,321.90  |
| 5 |  $ 215.40  |  $ 1,179.10  |  $ 1,394.50  |
| Business Licence (Body Corporate)     | 1 |  $ 256.50  |  $ 1,453.90  |  $ 1,710.40  |
| 2 |  $ 282.10  |  $ 1,619.90  |  $ 1,902.00  |
| 3 |  $ 307.70  |  $ 1,763.00  |  $ 2,070.70  |
| 4 |  $ 333.40  |  $ 1,900.40  |  $ 2,233.80  |
| 5 |  $ 359.20  |  $ 2,037.70  |  $ 2,396.90  |
| Individual Registration  | 1 |  $ 52.80  |  $ 286.20  |  $ 339.00  |
| 2 |  $ 58.20  |  $ 309.10  |  $ 367.30  |
| Business Registration (Natural Person)  | 1 |  $ 115.00  |  $ 669.70  |  $ 784.70  |
| 2 |  $ 126.60  |  $ 726.90  |  $ 853.50  |
| Business Registration (Body Corporate)  | 1 |  $ 192.70  |  $ 1,121.90  |  $ 1,314.60  |
| 2 |  $ 211.90  |  $ 1,230.70  |  $ 1,442.60  |
| Interstate – Licence (Permit) | n/a |  $ 70.00  |  $ 66.00  |  $ 136.00  |
| Interstate – Registration (Permit)  | n/a |  $ 70.00  |  $ 66.00  |  $ 136.00  |
| Overseas - Bodyguard Licence (Permit) | n/a |  $ 139.90  |  $ 132.00  |  $ 271.90  |
| Variation of Licence - Individual | n/a |  $ 35.00  |  $ 99.10  |  $ 134.10  |
| Variation of Licence - Natural Person | n/a |  $ 77.00  |  $ 220.40  |  $ 297.40  |
| Variation of Licence - Body Corporate | n/a |  $ 128.20  |  $ 367.10  |  $ 495.30  |
| Variation of Registration - Individual | n/a |  $ 26.40  |  $ 74.30  |  $ 100.70  |
| Variation of Registration - Natural Person | n/a |  $ 57.60  |  $ 165.20  |  $ 222.80  |
| Variation of Registration - Body Corporate | n/a |  $ 96.40  |  $ 275.40  |  $ 371.80  |

Table A 9 Estimated application volumes and revenue calculations, for FY2024/25 and 10-year average over life of Regulations

| **Fee category** | **Sub-category** | **Applications Received 2024/25** | **Applications Approved 2024/25** | **Revenue 2024/25** | **Applications Received 10 YR AVG** | **Applications Approved 10 YR AVG** | **Revenue 10 YR AVG** |
| --- | --- | --- | --- | --- | --- | --- | --- |
| New Applications  | Individual Operator: 1 activity  | 870 | 766 |  $322,866  | 972 | 855 |  $488,713  |
| Individual Operator: 2 activities | 8,340 | 7,373 |  $3,874,271  | 9,314 | 8,235 |  $5,356,238  |
| Individual Operator: 3 activities | 320 | 283 |  $161,032  | 357 | 316 |  $219,238  |
| Individual Operator: 4 activities | 53 | 47 |  $28,603  | 60 | 53 |  $38,941  |
| Individual Operator: 5 activities | 9 | 8 |  $5,054  | 10 | 9 |  $6,881  |
| Business: 1 activity | 64 | 54 |  $83,349  | 71 | 61 |  $124,104  |
| Business: 2 activities | 147 | 126 |  $202,981  | 164 | 141 |  $319,181  |
| Business: 3 activities | 16 | 13 |  $26,286  | 17 | 15 |  $35,787  |
| Business: 4 activities | 9 | 8 |  $16,212  | 10 | 8 |  $22,072  |
| Temporary Interstate Visitor Permit  | 17 | 14 |  $2,120  | 17 | 14 | $2,584 |
| Temporary Overseas Bodyguard Visitor Permit  | 1 | 0 |  $140  | 1 | 0 |  $171  |
| Renewal applications | Individual Operator: 1 activity  | 920 | 893 |  $356,520  | 1,028 | 998 |  $561,010  |
| Individual Operator: 2 activities | 7,194 | 7,020 |  $3,595,820  | 8,035 | 7,840 |  $5,021,392  |
| Individual Operator: 3 activities | 266 | 260 |  $145,689  | 297 | 291 |  $198,350  |
| Individual Operator: 4 activities | 44 | 43 |  $25,871  | 50 | 48 |  $35,222  |
| Individual Operator: 5 activities | 7 | 7 |  $4,570  | 8 | 8 |  $6,222  |
| Business: 1 activity | 164 | 158 |  $237,401  | 184 | 176 |  $352,667  |
| Business: 2 activities | 377 | 362 |  $574,407  | 421 | 404 |  $880,611  |
| Business: 3 activities | 40 | 39 |  $75,729  | 45 | 43 |  $103,102  |
| Business: 4 activities | 23 | 22 |  $46,701  | 26 | 25 |  $63,582  |
| Variation Applications | Private Security Licence – Individual Operator  | 441 | 395 |  $54,558  | 492 | 443 |  $74,503  |
| Private Security Licence – Business  | 8 | 7 |  $3,347  | 9 | 8 |  $4,801  |
| Private Security Registration - Individual  | 7 | 6 |  $637  | 8 | 7 |  $1,207  |
| Private Security Registration - Business  | 1 | 1 |  $257  | 1 | 1 |  $616  |
| **TOTAL** |  | **19,339** | **17,905** |  **$9,844,422**  | **21,597** | **19,999** | **$13,917,197**  |

*Note: To estimate the expected on-going revenue received through individual and business application fees under the Option 2 fee structure (using current fee values), a 10-year average annual revenue estimate was calculated. The calculated revenue assumes that application volumes grow annually in alignment with Victorian population growth, that the proportion of approved application remains constant over time and that registration-related fees are incorporated under a single-tier licensing system (with the same fee value as the current licence-related fees).*

A.4 Further breakdown of proposed fee structure

Table A 10 Breakdown of proposed fee structure for application and maintenance fees, for business licences

| **Category** | **Number of activities to be authorised under the licence** | **Licence application or renewal fee units** | **Percentage change in fee units from current fees** | **Licence maintenance fee – *for each month or part of a month for which the licence is granted or renewed*** | **Percentage change in fee units from current fees** |
| --- | --- | --- | --- | --- | --- |
| Business licence – natural persons | 1 | 9.68 | 0% | 1.56 | 0% |
| 2 | 10.65 | 0% | 1.66 | 0% |
| 3 | 11.61 | 0% | 1.86 | 0% |
| 4 | 12.58 | 0% | 1.96 | 0% |
| 5 | 13.55 | 0% | 2.06 | 0% |
| 6 | 14.52 | n/a – new | 2.16 | n/a – new |
| 7 | 15.49 | n/a – new  | 2.26 | n/a – new |
| Business licence – body corporates | 1 | 16.13 | 0% | 2.54 | 0% |
| 2 | 17.74 | 0% | 2.83 | 0% |
| 3 | 19.35 | 0% | 3.08 | 0% |
| 4 | 20.97 | 0% | 3.32 | 0% |
| 5 | 22.59 | 0% | 3.56 | 0% |
| 6 | 24.21 | n/a – new | 3.80 | n/a – new |
| 7 | 25.83 | n/a – new  | 4.04 | n/a – new |

Table A 11 Breakdown of proposed fee structure for application and maintenance fees, for individual operator licences

| **Category** | **Number of activities to be authorised under the licence** | **Licence application or renewal fee units** | **Percentage change in fee units from current fees** | **Licence maintenance fee – *for period of 2 months or part of a period of 2 months for which the licence is granted or renewed*** | **Percentage change in fee units from current fees** |
| --- | --- | --- | --- | --- | --- |
| Individual operator licence | 1 | 4.40 | 0% | 1.36 | 0% |
| 2 | 4.84 | 0% | 1.56 | 0% |
| 3 | 5.28 | 0% | 1.66 | 0% |
| 4 | 5.72 | 0% | 1.76 | 0% |
| 5 | 6.16 | 0% | 1.86 | 0% |
| 6 | 6.60 | n/a – new | 1.96 | n/a – new |
| 7 | 7.04 | n/a – new  | 2.06 | n/a – new |

Table A 12 Breakdown of proposed fee structure for variation fees, for business licences

| **Category** | **Variation fee units** | **Percentage change in fee units from current fees** |
| --- | --- | --- |
| Business licence – natural persons | 4.84 | 0% |
| Business licence – body corporates | 8.06 | 0% |
| Individual operator licence | 2.20 | 0% |
| Vary/revoke a licence condition | 2.25 | 0% |

Table A 13 Breakdown of proposed fee structure for temporary permits

| **Category** | **Application fee units** | **Percentage change in fee units from current fees** | **Permit fee units** | **Percentage change in fee units from current fees** |
| --- | --- | --- | --- | --- |
| Temporary interstate visitor permit to carry out activity | 4.40 | 0% | 4.15 | 0% |
| Temporary interstate visitor permit to carry on business of providing services | 4.40 | 0% | 4.15 | 0% |
| Temporary overseas bodyguard visitor permit | 8.80 | 0% | 8.30 | 0% |

Table A 14 Breakdown of proposed fee structure for issuing a duplicate licence document

| **Category** | **Fee units** | **Percentage change in fee units from current fees** |
| --- | --- | --- |
| Duplicate licence document | 2.92 | 0% |

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17. According to the Act, a prohibited person is someone has either been convicted of a disqualifying offence within the previous 10 years or someone who has been found guilty of a disqualifying offence without a conviction being recorded within the previous five years [↑](#footnote-ref-18)
18. The Act defines a disqualifying offence as offences involving drug trafficking, cultivating narcotic plants, assault, dishonesty, theft, controlled weapons, firearm offences and terrorism. [↑](#footnote-ref-19)
19. It is assumed that it would take an individual 30 minutes to get the training documents certified while a business applicant would need an hour to certify the documents given the higher number of documents required. The value of the time required for certification has been estimated using the average wage of a security personnel from the 2024 Security Services Industry Award for an individual and using the 2024 Clerks Private Sector Award for administrative staff in a business. These average wages were then estimated for a ten-year period using Deloitte’s wage-price index forecasts. The application volumes for the next years were estimated by applying the historical annual average growth rate in applications (between 2016-17 to 2023-24) to the 2023-24 application volumes. [↑](#footnote-ref-20)
20. A conservative time estimate of two hours (for individuals) and three hours (for businesses) for providing the prescribed particulars has been adopted. Additionally, individuals and businesses would also need to provide certified documents as for new applications. No data was available to inform the proportion of renewals that require additional documents to be certified (in cases where circumstances have changed or previous documentation was not certified as part of the original application process). As such, a conservative assumption that all renewals require additional documents to be certified has been used to demonstrate maximum potential regulatory burden. The certified documents required for individuals in renewal applications are the same as for new applications, it is therefore estimated that individuals would require 30 minutes to certify the required documents. Businesses would need to provide fewer documents for renewals than for new applications. Therefore, the time required for businesses to certify documents has been estimated at 45 minutes. This results in a total time impost of 2.5 hours for individuals and 3.75 hours for businesses renewals. Variation applications would only incur the time required for certifying documents. [↑](#footnote-ref-21)
21. [↑](#footnote-ref-22)
22. Current fee value reflects the ‘Total Licence Fee’ for approved applicants, which comprises both the ‘Application Fee’ and ‘Maintenance Fee’. For those applications that are denied, applications would be charged a lower fee for the application fee only. [↑](#footnote-ref-23)