# COVID-19 hotel quarantine security report

## What we did & why

In May 2020, the Fair Work Ombudsman investigated 37 security businesses contracted to provide security services at COVID-19 quarantine hotels in Melbourne and Sydney.

We took a top-down approach to examining labour procurement supply chains; starting with ‘price-making’ principal contractors engaged by Victorian and NSW governments, before auditing layers of contracting and employment arrangements amongst any ‘price-takers’ beneath them.

Of the 37 employing entities investigated:

* 9 were principal contractors (3 in Melbourne, 7 in Sydney) [[1]](#footnote-2)
* 28 were subcontractors (20 in Melbourne, 9 in Sydney).[[2]](#footnote-3)

The majority of employees were engaged as static security guards at the COVID-19 hotel quarantine sites, with some engaged as supervisors. Pay and entitlements were assessed against the *Security Services Industry Award 2010* and in some cases the relevant enterprise agreement.

## Our findings

Our investigation found that 15 of the 37 entities investigated (41%), were non-compliant with Australian workplace laws.[[3]](#footnote-4) Of those:

* 9 businesses were not paying staff correctly (1 principal contractor and 6 subcontractors in Victoria and 1 principal contractor and 1 subcontractor in NSW)
* 3 businesses were non-compliant with pay slip and record-keeping requirements (2 subcontractors in Victoria and 1 subcontractor in NSW)
* 2 businesses breached both their monetary and non-monetary obligations (2 subcontractors in Victoria)
* 1 business breached a non-monetary obligation (principal contractor in NSW).

The most common breaches were:

* failure to pay penalty rates (8 businesses)
* failure to pay correct annual/personal leave entitlements (4)
* failure to provide correct pay slips (3)
* failure to pay correct overtime rates (2).

## Actions taken & next steps

We recovered $303,299 from 9 businesses for 1,010 employees. This included:

* $288,938 for 665 employees in Melbourne
* $14,361 for 345 employees in Sydney.

Recoveries from individual businesses ranged from $207,681 for 333 employees, to $312 for 1 employee. Both of these businesses were subcontractors supplying security guards to quarantine hotels in Melbourne.

Fair Work Inspectors issued:

* 10 compliance notices, resulting in $302,281 recovered for 1,003 employees
* 5 infringement notices, with $11,166 paid in fines
* 3 contravention letters, including 2 for technical breaches and 1 where the employer back paid $1,018 to 7 employees during the audit period
* 1 formal caution.

Unified Security Group Australia Pty Ltd (Unified) was a principal contractor in the NSW and Victorian hotel quarantine programs. Unified admitted they owed unpaid entitlements to staff employed in the NSW COVID-19 Hotel Quarantine Program (estimated to be approximately $900,000). We then issued a compliance notice requiring Unified to back pay those employees, but Unified went into liquidation on 26 May 2021.

1. One principal contractor had contracts in both Melbourne and Sydney. [↑](#footnote-ref-2)
2. One subcontractor had contracts in both Melbourne and Sydney. [↑](#footnote-ref-3)
3. [↑](#footnote-ref-4)