

REFORM OF THE NSW REGULATORY MODEL FOR THE SECURITY INDUSTRY

The Independent Commission Against Corruption's (ICAC) December 2009 report on the findings of Operation Columba demonstrated that more work needs to be done to ensure ongoing compliance with the regulatory regime for the NSW security industry.

The NSW Government supports ICAC's finding that the Commissioner of Police should assume responsibility for all integrity-related functions and that compliance, inspection and review processes should be expanded and improved upon. While the ICAC's findings and recommendations related to security industry training issues, the NSW Government considers they have broader relevance to the industry as a whole.

The additional resources required for the NSW Police Force's Security Industry Registry's (SIR) expanded functions are to be fully funded by increases to security industry licence fees.

Deloitte Management Review

The Government's decisions have been informed by an independent review of the NSW Police Force's regulation of the security industry undertaken by Deloitte between February and April 2010. Deloitte prepared an independent analysis of the capacity of the SIR to carry out the functions currently allocated to it, in addition to the expanded role proposed by ICAC.

Deloitte's main recommendations are listed below and are supported by the NSW Government:

- Abandonment of the co-regulatory model in favour of the SIR assuming the role of principal regulatory body.
- An increase in staff for the SIR, from the current 40 approved full time positions to 73 full time positions.
- The SIR to report to the Commissioner of Police via State Crime Command (an operational policing command).
- Introduction of a fully industry-funded funding model to pay for the proposed enhancements to the SIR.

Increase to Licence Fees

The Deloitte review estimated that the additional amount required to pay for the expanded functions of the Registry will be \$4.7m annually. The breakdown of how these costs should be levied on the security industry is to be determined through consultation with industry.

Master licensees may choose to minimise the impact of increases to their licence fees by either negotiating reductions in their industry association fees, or by choosing to no longer be members of associations (membership will no longer be mandatory).

Legislative & Regulatory Change

Legislation will be introduced to the NSW Parliament to:

- Make sure all powers provided for under the *Security Industry Act 1997* that are necessary for the effective conduct of compliance auditing, may be exercised by civilian employees of the NSW Police Force.
- Remove the industry monitoring role of the Security Industry Council and instead focus on the Council's role as an advisory body to the Minister for Police.

Changes will also be made to the *Security Industry Regulation 2007* to:

- Remove the current mandatory requirement placed on security industry Master licensees to retain financial membership of one of ten approved industry associations.
- Specify the increases to licence fees to fund the expanded functions of the SIR.

Expanded Functions

The additional 33 positions in the SIR will deliver the new functions of compliance assessments, audits and investigations. In addition to its current functions of licence processing and adjudication, the SIR will have a shift in focus to full industry regulation, ensuring legislative compliance and referring matters to operational police for investigation as required.

The SIR will also undertake a lead role in communicating with industry to educate members and to communicate industry suggestions and concerns back to the NSW Police Force and the NSW Government more generally.

The SIR's move from NSW Police Force Corporate Services to the State Crime Command allows for ongoing close ties with operational police who are investigating serious crime. This move, combined with the new name of Security Licensing & Enforcement Directorate (SLED), reflects the expanded regulatory and compliance functions and the adoption of a more operational role.