Private security in Australia: trends and key characteristics

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Foreword | *The use of private security in crime prevention and law enforcement activities has grown to a point where security personnel outnumber police by more than two-to-one. This paper examines the size and scope of the security industry both locally and internationally. Using ABS census data, it provides a detailed and up-to-date picture of the security industry and makes key comparisons with police. Findings show that in Australia in 2006, there were 52,768 personnel employed full-time in the security industry, compared with 44,898 police. A decade previously, police had outnumbered security. When comparing the characteristics of security to police personnel, both industries have similar ratios of male to female employees (approximately 76% to 24% respectively), however security personnel frequently occupy an older age demographic than police, while police are more highly educated and paid. Although available data indicates there are over 5,000 security and investigative businesses registered in Australia, and over 110,000 licenses issued mainly to individuals, five companies make up nearly half of the security industry market share. As the sector is expected to continue to grow, especially with the increase in electronic surveillance and monitoring and cash-in-transit, the paper argues for more precise data on the size and dimensions of the industry that can inform efforts to develop nationally consistent standards and licensing regimes.*

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The security industry is omnipresent in everyday life and is in a state of rapid growth. However, precise figures on the size and dimensions of the industry are difficult or impossible to obtain. Available figures are usually partial and international comparisons are frequently based on very approximate estimates. It is, nonetheless, important to attempt to map as precisely as possible the evolving dimensions of security and private policing services, especially with a view to informing analysis and debate about the public accountability of security providers. The purpose of this paper is to provide the most recently available statistics on the security industry in Australia, to make comparisons with police statistics and to identify trends that are likely to continue into the future. To assist in this task, the following definition has been adopted:

> Private police are those persons who are employed or sponsored by a commercial enterprise on a contract or 'in-house' basis, using public or private funds, to engage in tasks (other than vigilante action) where the principal component is a security or regulatory function (Sarre & Prenzler forthcoming)

International trends

The 1985 and 1990 *Hallcrest Reports* in the United States were two of the first major studies to confirm an important observation: that private security had grown to a point where it was now a significant provider of crime prevention and law enforcement services (Cunningham, Strauchs & van Meter 1990; Cunningham & Taylor 1985). The reports used labour force data and other sources to conclude that private security personnel had overtaken police in sheer numbers. The point in time when this occurred could not be precisely identified, but it was believed to have been in the 1960s or early 1970s. In terms of expenditure, more precise estimates put the point of crossover at 1977. By 1990, the ratio of private security personnel to sworn police in the United States was estimated to be as high as 2.4:1.

In a study of international trends beyond the United States, de Waard (1999) made estimates of the size of the private security industry in the then 15 countries of the European Union and 12 other countries. Using European Commission labour force statistics for 1996, he estimated there were 592,050 security personnel in Europe in a population of 369 million; that is, 160 personnel per 100,000 population, compared to 375 police per 100,000. Police still outnumbered security personnel by approximately two to one. Britain

had the most security personnel, with 275 per 100,000 and Greece had the lowest proportion with only 19 per 100,000. Outside Europe, South Africa was found to have the highest proportion, with 900 security personnel per 100,000. A second study of the situation in the European Union found that the number of security employees (in the then 25 countries of the European Union) had increased to over one million in 2004 (van Steden & Sarre 2007). In a recent global review of crime and security, it was estimated, in approximate terms that, '[w]orldwide, more people are employed as a private security officer (348 per 100,000) than as a police officer (318 per 100,000)' (van Dijk 2008: 215).

Within industry studies there is often an interchange of terms, including 'private security' and 'the security industry'. It is also difficult to identify the precise drivers of growth in security and previous research has identified a wide variety of influences. Market demand appears as the key factor, driven initially by steep rises in crime experienced in many countries from the 1970s to the 1990s. Despite declining crime rates, high levels of crime remain a feature of many societies and there is an ongoing shift in consciousness away from reliance on police to 'self-protection' (Sarre & Prenzler forthcoming) or 'responsive securitization' (van Dijk 2008). Other contributing factors include the cost gap between security and police, increased security standards for insurance and workplace safety, improvements in security technology, and the post-11 September counterterrorism agenda.

In 2008, the Australian Institute of Criminology (AIC) released its report *Counting the costs of crime in Australia:* *a 2005 update* (Rollings 2008). This was a broad ranging study that included medical and insurance costs, lost productivity and the cost of criminal justice agencies such as police, courts and corrections. 'Security industry' costs were included using estimates supplied by the Australian Security Industry Association Limited based on approximations from membership data and licensing figures. The AIC study was limited to a specific set of crimes and therefore the industry figures (including manpower and hardware) were reduced to 70 percent. The final estimates were that security costs totalled $2.9b or 8.4 percent of the total estimated cost of $35.8b. This can be compared to police, with an adjusted total of $4.5b or 12.5 percent of total costs. These figures represent a slight change in proportions from the previous study for 2001, which put the security share

Methodological issues

Issue 1

The Australian Bureau of Statistics (ABS) census is conducted every five years across all Australian households. There are a number of core security employment categories in census reports that are readily included as part of the security industry, such as 'private investigator' or 'crowd controller'. Other categories (primarily 'debt collector'), are more at the periphery of the industry and their inclusion is contestable. For the purposes of this study, debt collectors have been included, given that their work is closely associated with that of private investigators and also involves law enforcement, especially in the area of recovery of assets and 'skip tracing' persons who are evading the law (Prenzler & King 2002). One limitation with the census is that it only captures a person's 'main occupation'. This means that secondary (primarily part-time) employment is not included. The census also does not capture persons in security management and administration, and security door and window installers, nor does it indicate if a person is working in private or public sector employment.

Another problem for those relying upon the Australian census for accurate data is the considerable inconsistency between categories adopted in different reporting periods. The category 'guards and security officers' was introduced into census reports only in 1986. Since then, the number of security categories has been enlarged and modified. Indeed, it is also possible that the armoured car personnel count is inflated by these definitional changes.

Therefore, while the census provides a record of the growing recognition of the industry, it only provides indicative figures over time regarding the number of people doing security-type work. So the present study analyses are, for the most part, limited to the 10 year period from 1996 to 2006, which is the period that provides the greatest consistency in categories. These data were obtained from the ABS Consultancy Service, along with accompanying data on age, sex, education and income. The data have not been published before.

By contrast, 'police' can readily be counted from ABS census collections. However, the figures are for sworn officers only, and the public sector police services include a large number of 'unsworn' staff. If these staff are counted, then administrative and management staff in security should also be counted. There is also a case for including public sector personnel in various agencies involved in regulatory enforcement (a variant of 'policing'), including environmental protection and fair trading, but these persons are not captured by the census in a manner useful for the current study.

Issue 2

The second major source is the ABS Australian Business Register (ABR). The category 'Security and Investigative Businesses' provides data on the number of security firms by jurisdiction, the number of employees (within bands), income and financial turnover. The oldest comparable data are from 2003–04. The most recent data available, for 2006–07, capture all businesses that had an Australian Business Number (ABN). In that year, an ABN was required for firms with an annual turnover of $50,000 or more. However, businesses which did not have an ABN could voluntarily report to the ABR. Consequently, smaller security firms might not be included.

Table 1 Security providers, 1996–2006

	1996	2001	2006	Percent change 1996 to 2006	2006 percent of total[a]
Private investigator	904	1,205	761	-16	1.4
Security consultant[b]	584	733	894	+53	1.7
Locksmith	1,492	1,877	2,279	+53	4.3
Insurance investigator	401	486	418	+4.2	0.8
Debt collector	5,933	9,666	10,141	+71	19.2
Court bailiff or sheriff[c]	566	600	694	+23	1.3
Armoured car escort	53	88	485	+815	0.9
Security officer[d]	27,439	33,884	5,424[f g]	n/a[h]	10.3
Alarm, security or surveillance monitor[e]	n/a	n/a	30,752	n/a	58.3
Crowd controller[e]	n/a	n/a	920	n/a	0.5
Total security	37,372	48,579	52,768	+41.2	
Police	39,225	41,426	44,898	+14.5	
Population	17,752,829	18,769,249	19,855,288	+11.8	

a: Does not total 100 due to removal of two categories not relevant to this study

b: previously 'security advisor'

c: previously 'bailiff or sheriff'
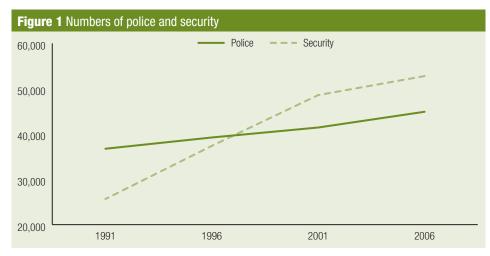
d: previously 'security guard'

e: New categories in 2006

f: Security providers undertaking the activities at (d) prior to 2006 would have been recorded as 'security guard'

g: If the category 'security officer' included the total of the (d) categories for 2006, the total for 'security officer' would be 36,661

h: If the category 'security officer' included the total of the (c) categories for 2006, the percent change would be +34

Source: ABS (1986–2006)

at 9.8 percent and police at 10.6 percent (Mayhew 2003), indicating a significant growth in investment in security in proportional terms.

In July 2008, the Council of Australian Governments (COAG) embarked on a process of seeking a nationally consistent approach to licensing manpower (guarding). The licensable activities that have been included are general guarding, crowd or venue controlling, guarding with a dog, guarding with a firearm, monitoring centre operations, body guarding and training. This is a significant step towards reform in the security industry. A consistent approach to the licensing of security personnel will not only enhance the overall credibility and professionalism of the industry, but may

also lead to more consistent data collection and hence scrutiny of the industry.

Method

The aim of the present study is to provide the most detailed and up to date picture of the security industry as is possible from available data, with the additional aim of making key comparisons with police. The study utilises data from the 2006 Australian census, the ABS Business Register, all eight state and territory licensing agencies and IBISWorld (a business forecasting and information firm). It is not possible to obtain a fully comprehensive picture of the industry that includes exclusive subcategories and that clearly differentiates between the private and public sectors. However, multiple sources provide for a useful multi-dimensional national picture of security businesses and security personnel.

Findings

Occupation/employees

Table 1 lists all occupational categories in the ABS census reports for 1996, 2001 and 2006 that relate to security work. It also lists the numbers of persons whose description of their main occupation was included in these categories. Also included is the percentage change from 1996 to 2006. Note that the term 'security providers' is a term used here as a catch-all phrase. It is not an official ABS category.

Table 1 shows that in 2006, the total number of persons involved directly in security work as their main occupation was 52,768, a figure that was larger than the number of police (n=44,898). A decade previously, police had outnumbered security. It appears that the crossover occurred sometime between 1997 and 1998, as shown in the time series format in Figure 1 covering all security categories from 1986 (Prenzler, Sarre & Earle 2007–08). Between the more comparable dates of 1996 and 2006, the number of security providers increased by 41 percent and the number of police increased by 14 percent, while the population increased by nearly 12 percent. If debt collectors, bailiffs and security advisors are excluded from the 2006 count and it's

Table 2 Income by full-time employment, 2006

	Employed full-time			
	Total security full-time	Percentage of total security employed full-time[a]	Total police full-time	Percentage of total police employed full-time[a]
$1–149	87	0	19	0
$150–249	240	1	13	0
$250–399	811	2	57	0
$400–599	5,568	15	627	2
$600–799	11,474	31	1,727	5
$800–999	9,820	27	4,783	13
$1,000–1,299	5,137	14	12,944	35
$1,300–1,599	1,570	4	11,583	31
$1,600–1,999	631	2	3,395	9
>$2,000	390	1	1,294	4
Total	36,465		36,787	

a: Does not total 100 due to removal of two categories not relevant to this study

Source: ABS (2006)

Figure 1 Numbers of police and security

Note: These are security related occupational categories combined from each census report. The categories have been modified and enlarged over time. In 1986, 'guards and security officers' was the only category in use.

Source: ABS (1986–2006)

limited to groups more closely associated with traditional policing tasks (i.e. private investigators, insurance investigators, armoured car escorts, security officers, crowd controllers and alarm, security and surveillance monitors), then the total is 38,275, compared to 44,898 police (further discussion of these various subcategories is explored in more detail in Sarre, Prenzler & Earle forthcoming).

It is difficult to track accurately changes from the original category of 'security officer', as this category was split into 'alarm, security or surveillance monitor', 'crowd controller' and 'security officer' in the 2006 census. If these latter categories are combined for comparative purposes, the increase is in the order of 26 percent from 1996 to 2006 (cf. police 14 percent).

In 1996, the ratio of security providers to police was 0.95:1. This had changed to 1.17:1 by 2001 and to 1.18:1 by 2006.

In 2006 in Australia, there were 266 security providers and 226 police per 100,000 population, a much lower rate than the estimated global average of 348 private security officers and 318 police (van Dijk 2008: 215).

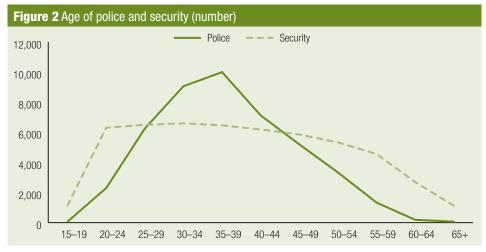### Comparison between police and security personnel

Of the 52,768 security providers recorded for 2006, 76 percent were male and 24 percent female. The gender difference for police was virtually identical at 77 percent males and 23 percent females. The data on age, however, reveal a much different picture. Figure 2 shows the number of employees in each age group for both occupations. These data show that two percent of security providers were aged below 20 or over 65 years, 60 percent between 20 and 44 years and 36 percent between 45 and 64 years. The age of police was more concentrated in the 30 to 39 year range (44%).

The census data also show that 93 percent of police were employed full-time and seven percent were employed part-time, whereas 74 percent of security providers were employed full-time and 26 percent were employed part-time. As noted, these data only account for respondents' main occupation, even if it is part-time, and thus will not capture those who may work in private security as a second job. Income levels show great disparities between public and private operatives. Table 2 shows the number and percentage of security providers and police at each income level (for full-time employment only). The salary band with the most full-time police (35%) was $1,000–1,299 per week. The band with the most full-time security (31%) was $600–799 per week. The income gap is also apparent for police and security part-timers.

The 2006 census data also show that 31 percent of security personnel were educated below Year 12 level, 44 percent to Year 12 or Certificate III or IV level and 16 percent above Certificate IV level (9% could not be classified). For police, 10 percent were educated below Year 12, 33 percent to Year 12 or Certificate III or IV level and 52 percent above Certificate IV level (5% could not be classified).

Businesses

According to the most recent figures from the ABS Business Register, on 1 July 2006 there was a total of 5,478 security and investigative businesses nationally. Of these, 23 percent had an annual turnover of $0–50,000, 35 percent $50,000–200,000, 37 percent $200,000–2m and 5 percent $2m and over (ABS 2007b). In terms of numbers of businesses for the longest comparable period, at the end of the financial year 2006–07, there were 5,523 registered businesses in security, a slight decline from 5,985 at the start of 2003–04. The most recent snapshot of the industry in terms of employees is also from 1 July 2007 and provides numbers in bands only. Of the 5,478 security and investigative businesses, 45 percent were non-employing, 42 percent had between 1–19 employees, 12 percent had between 20–199 employees and 1 percent had 200 or more (ABS 2007b).

Figure 2 Age of police and security (number)

Source: ABS (2006)

The most recent financial data summaries from 2005–06 (released November 2007) are from a slightly different ABS category of 'Security and Investigative Services (Except Police)'. This source shows that the security sector paid salaries and wages of $1.5b, with total expenses of $4.1b and had a total income of $4.4b. This total was 0.2 percent of all industry income reported by the ABS and resulted in a profit (before tax) of $264m (ABS 2007a: 70).

Licence figures

Each Australian jurisdiction has adopted its own licence categories. Consequently, only national summary data are reported here (note: with the exception of Tasmania, the figures do not include debt collectors and process servers. They also do not include administrative personnel). In 2008, the licensing agencies reported a total of 112,773 individuals who held 168,165 separate licences, including business licences. Under the NSW system, there were approximately an additional 1,846 licences held by corporations or government agencies, making a total national figure of approximately 114,600 'licensees'. The licence figures support the assumption that there are a large number of part-time operatives in security work.

Ownership

Findings from the IBISWorld (2007: 24) report on the security industry highlight high industry concentration. IBISWorld reported that in 2005, five companies accounted for 44.5 percent of 'market share' as follows: Chubb 17.5 percent, Linfox 10.8 percent, ISS 8.9 percent, Tyco 4.3 percent and Signature 2.9 percent.

The report also found 'there is a high degree of foreign ownership of the major companies in this industry', with four of the five companies being foreign-owned (IBISWorld 2007: 20). In 2003, transport and logistics giant Linfox acquired Mayne Logistics and Armaguard in a deal worth $250m. In the last few years, Chubb Security Personnel, Chubb Mobile Services and MSS Security Group were taken over by the US corporation UTC Fire and Security. In July–August 2008, the company then sold these Australian holdings to an Indian company, Security and Intelligence Services,

for an undisclosed sum (UTC Fire and Security 2008). Overall, the IBISWorld analysis confirms the picture developed from the ABR above that about half the industry is highly concentrated, while the other half is highly diverse, with a large number of very small security businesses.

Discussion

There are some important limitations to this study (as described above) and differences in the datasets. ABS census data is collected from the five-yearly household census. The ABR (category 'Security and Investigative Businesses') collects data from those businesses that have an ABN and the regulatory data are collected by the individual jurisdictional regulatory agencies. However, a number of useful conclusions can be drawn. In terms of 'policing' personnel, there would appear to be at least twice as many private security providers as police. Security personnel have also been increasing in numbers at a rate above that of police and the population, although with some slowing in growth from the turn of the century. The available data also confirm some commonly held views about differences between police and security personnel: security providers are less likely to have completed higher education than police, they earn lower salaries and they are more likely to be employed part-time. The age of security providers also spans a wider range than police.

The private contract security sector is characterised by considerable diversity, with a large number of small businesses and small number of very large businesses. The industry itself appears to be fairly stable, with the larger sector characterised by foreign ownership.

The influences identified in the background section of this paper will continue to dictate change (van Dijk 2008: 129). Indeed, the IBISWorld (2007) report describes a number of industry-specific trends that are likely to continue:

- significant continuing growth in electronic alarm and CCTV surveillance and monitoring, as these are often seen to be more cost-effective than manned patrol and guarding services

- reduced growth in demand for personnel in patrol and guarding
- increasing demand for cash-in-transit security, driven in part by the proliferation of automatic teller machines
- continuation of low entry barriers to business, but with increasing government intervention likely to make security a medium-level industry for regulation
- increasing foreign ownership of Australian security businesses.

The purpose of this paper is to contribute to the ongoing debate and policy development around security issues given the significant industry growth in recent years. One policy issue that is of particular interest to COAG is the desire for national consistency in the range of licences available to security personnel and security firms.

Issues that still need to be addressed include the legal powers and immunities of private personnel and the appropriate relationship between public and private providers, including in critical areas such as counterterrorism (Sarre & Prenzler forthcoming). Moreover, there have been a number of high-profile conduct scandals in private security (Prenzler & Sarre forthcoming). Therefore, finding the model of licensing most capable of ensuring ethical conduct and competency is of crucial importance.

Despite the general decline in crime in Australia, crime rates remain relatively high by comparison with the rest of the developed world, and some areas (such as fraud) are growing in magnitude (Rollings 2008). Notwithstanding the alleged omnipresence of security, research indicates that only around 45 percent of Australian households have basic security measures in place, suggesting considerable scope for a greater contribution from the industry to domestic crime prevention (ABS 1999; 2005). It is clear from international research that premises with security have significantly lower rates of criminal victimisation than

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those without and that growth in security is one of the most important influences on falling crime rates (van Dijk 2008: 129). At the same time, there is a widening gap worldwide between victimisation of the rich and poor relative to their ability to afford security (van Dijk 2008: 134).

Conclusion

This paper has highlighted the evolving nature of security services in Australia, including growth rates exceeding those of the population and police, as well as some basic differences between security personnel and police in education, employment status and pay. It has linked the empirical data to current industry business trends that point to significant growth in electronic surveillance, monitoring and cash-in-transit services for the foreseeable future.

It has argued that more precise figures on the size and dimension of the industry will better inform those seeking to make sense of contemporary global trends in policing (Wood & Kempa 2005) and especially the Australian Government's commitment to reform.

Indeed, figures highlighting the size and growth of the industry and its regulation are essential for those arguing for greater professionalism and accountability of private sector personnel and for those seeking a stronger partnership approach between private security and police in crime prevention.

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