

Commonwealth legislation requires Australian businesses with revenue of more than \$100 million to assess and disclose potential modern slavery risks in their supply chain and operations.

What is modern slavery?

Modern slavery is the use of force, deception or coercion to exploit a worker and limit or undermine their freedom, examples include human trafficking, forced labour, debt bondage, servitude and forced marriage.¹

Globally, in 2016 it was estimated that 40 million people were living in modern slavery, of this figure, 25 million were working in forced labour situations and 15 million people in a forced marriage.²

In Australia, the Global Slavery Index 2018 estimated that 15,000 people were living in conditions of modern slavery in 2016.³ Temporary, low skilled migrant workers historically have been found to be most at risk of such forced labour mistreatment in Australia.³

High risk industries include domestic or household work, construction, manufacturing, agriculture and fishing.² The withholding of wages, threats of non-payment and violence against family members are some methods that are used to withhold freedom and trap people into forced labour situations.



Australia's Modern Slavery Act 2018 (Commonwealth)

Organisations operating in Australia with revenue over \$100 million need to submit a Modern Slavery Statement under the Modern Slavery Act (Cth) 2018, signed off by a Company Director.⁴ The Act sets expectations regarding the identification, assessment and mitigation of modern slavery risks.

The reporting requirement for large organisations includes:

- The structure, operations and supply chains of the entity.

- Risks of modern slavery practices in its operations and supply chains.
- Actions taken to assess and address those risks, including due diligence and remediation processes, and describe how the effectiveness of such actions is assessed.⁴

How does this impact small and medium businesses not covered by the Act?

Whilst smaller businesses are not captured by the revenue threshold in the Act, they often play a key part of large businesses' operations and supply chains. Smaller businesses should therefore consider their own risk and how they can support larger businesses' reporting requirements.

Risk management strategies for businesses

Key risk management strategies that all businesses can implement to identify and mitigate modern slavery risks include:

- Maintaining a structured framework to identify, assess and mitigate modern slavery risks.
- Awareness, training and understanding of modern slavery risks and what constitutes slavery-like conditions.
- Developing a culture that empowers staff, suppliers and contractors to act and report.
- Understanding high risk products, services and industries that are susceptible to modern slavery.
- Monitoring conditions that may lead to modern slavery such as social, political, safety and environmental factors.⁵
- Navigating supply chain complexities and inter-connectivity across industries.
- Understanding risk factors such as, vulnerable populations, high risk geography, seasonal work and high-risk work activities.⁵
- Ensuring supplier risk management and procurement programs include human rights indicators.
- Maintaining robust risk management and supplier programs and a clear understanding of workplace practices at the supplier selection stage and through-out the supply relationship.
- Establishing clear expectations regarding employee and contractor human rights.⁵

Businesses have a responsibility to ensure human rights are maintained throughout their supply chains, operations and investments and they should take steps to understand these risks within their business and take actions to address them. Modern Slavery is an issue in Australia that legislation recognises needs to be addressed. What risks might you see in your operations and supply chain? Are you equipped to call out potential supply chain risks and support larger business partners' reporting requirements?

Note: In addition, other relevant legislation in Australia includes the Modern Slavery Act 2018 (NSW) which differs in its requirements to the Commonwealth Act and the United Nation Guiding Principles on Business and Human Rights which is an internationally recognised standard.⁵

References

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