

MODERN SLAVERY IS NOW 'EMBEDDED' IN THE GLOBAL ECONOMY

Corporates struggle with their supply chains but the world wants more action.
Story by **Helen Trinca**

Consumers see modern slavery as a more urgent issue than climate change, with young people in particular rating it their first priority, according to new research.

The analysis, conducted for SlaveCheck Pty Ltd, an Australian company working on the problem, found that 48 per cent of people aged 18-24 cite ending slavery as their priority, compared with 23 per cent who say climate change action is tops. For those aged 55-64, the figures are 33 per cent (slavery) to 29 per cent (climate change); for those over 65, the figures are 35 per cent (slavery) and 25 per cent (climate change).

Tim Murray, executive chairman of SlaveCheck, says the research is interesting because it's the middle-aged who are running companies. "They're the ones actually in the firing line about doing something about modern slavery."

He says 82 per cent of people want products to be labelled "slave free"; and two in three people say they are happy to pay more for "slave-free" products.

Murray's company, set up in 2019, sells software to organisations to assist them in their reporting responsibilities, under the federal Modern Slavery Act, to describe and address modern slavery issues in their supply chains.

The Act covers organisations with a turnover of more than \$100m although a recent re-

view of the legislation has recommended this be dropped to more than \$50m. Reporting entities, of which there are about 3000, must submit a modern slavery statement each year to the Attorney-General with the material published on an open registry.

The definition of a slave is "a person trapped, dishonoured and degraded through the violent coercion of their labour activity" and the International Labour Organisation estimates there are 50 million people globally in this situation.

The review of the legislation was carried out by former Australian information commissioner John McMillan and tabled in federal parliament in May. It includes 30 recommendations to strengthen the Act, including the new \$50m benchmark.

McMillan said in his report that modern slavery has become embedded in the global economy because there is a "strong commercial incentive for businesses to search worldwide for low-price products, components and labour services".

Australia's "transparency reporting law" is designed to apply pressure and have "flow-on market effects in consumer support, business reputation and competition for investor funding" creating a "race to the top".

But McMillan found "there is no hard evidence that the Modern Slavery Act in its early years has yet caused meaningful change for people living in conditions of modern slavery. There are occasional scattered instances of modern slavery incidents and victims being identified, but no strong storyline that the drivers of modern slavery are being turned around." The report said investors were paying closer at-

tention to the quality of modern slavery reporting and some argued there had been a major cultural change on the issue.

Other critics said reporting was not being taken seriously enough and it was a "tick-box" exercise. But "the welcome midpoint is a shared commitment to explore options for making the modern slavery reporting process more venerated and effective" the report said.

It recommended penalties for failing to report without reasonable excuse; submitting a report that knowingly includes materially false information; and failing to put a due diligence system in place.

In its last budget, the government committed to appoint an anti-slavery commissioner and McMillan suggested this entity could monitor compliance.

Murray, who has set up a not-for-profit arm called SlaveCheck Foundation to work in tandem with SlaveCheck, argues that efforts to address modern slavery over the past decade have failed with numbers increasing. He says that this is due in part to a focus on targeting "supply-side forces" (slaves) rather than addressing the "demand" side (consumers).

The foundation uses "victim voice" reports, in effect, reports by whistleblowers, and then calls for tenders from NGOs through its platform to get people on the ground to address the issue. It crowdfunds work through the platform. Murray says legislation requiring companies to report on their supply chains is crucial but many companies are hitting compliance roadblocks because of the difficulties of collecting accurate information on overseas production and manufacturing processes. The

“**(There is) strong commercial incentive for businesses to search worldwide for low-price ... labour**”

JOHN MCMILLAN
SLAVERY ACT REVIEWER

UK's legislation has been operating since 2015 but the Guardian reported recently only 29 per cent of organisations required to report had done so – a 36 per cent drop on the previous year.

An indication of the Australian government's commitment was its modern slavery conference in Melbourne this week which was addressed by Foreign Minister Penny Wong and Attorney-General Mark Dreyfus.

Murray attended and says that UK government and industry participants commented that Australia was becoming a global leader.

He says that, according to one of the best known advocates in the area, Harvard professor Siddharth Kara, the only way to really tackle modern slavery is for consumers to have an app that scans product barcodes to see if they are free of slave labour input.

"That's the ultimate solution," Murray says. An example of how challenging it is to track

supply chains is contained in Wesfarmers modern slavery statement this year.

It says, "this year, we transacted with nearly 26,000 suppliers in more than 40 countries. Of these, about 12,000 supplied products and about 14,000 supplied services".

Wesfarmer cites the example of a garment supply chain which is "especially complex and nuanced, depending upon the design and materials in the product" with different levels of suppliers providing inputs including fabric, thread, trim, and accessories; raw materials (such as cotton) and services (such as cotton processing). To add to complexity, some suppliers are vertically integrated, spanning multiple tiers of the supply chain, while others specialise in a single component of the chain.

"Each tier may be located in different countries, with products shipped to another country for further manufacturing," Wesfarmers says.

"The apparel supply chain shown is particularly relevant to our Kmart and Target businesses. Workwear Group has a similar supply chain, although it also manufactures uniforms. Across the group, other divisions and businesses have very different supply chains. For instance, WesCEF sources diverse raw materials (such as chemicals) for its processes, with outputs used in chemical processes or sold to customers."

Naomi Flutter, executive general manager, corporate affairs, at Wesfarmers, says: "There's no question producing a modern slavery statement does take time.

"A lot of work goes into it at a group level and then in each of our divisions. So it's a big investment, but it's something that we're absol-

utely comfortable doing and really want to do." She says Wesfarmers has about 25 ethical sourcing specialists but everyone in areas like procurement, merchandising and production is involved in ensuring supply chains are ethical.

The group began reporting under the UK Act and has "learnt" from each successive report: "They get better, we've learned through practice and practice enhances quality. So we've got a bit of a jump on a lot of other corporates in Australia."

Flutter says the Commonwealth guide for recording entities could potentially be strengthened but warns against it becoming overly prescriptive because companies like Wesfarmers are very diverse "and the work that needs to be done and the nature of the risks varies quite markedly from business to business".

She says the anti-slavery work is "very multifaceted ... there is unfortunately no panacea in relation to modern slavery risks. We need to deploy, across our business, a range of strategies to address local slavery risks."

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