



THE CASE FOR AN
AUSTRALIAN
MODERN SLAVERY ACT



WALK FREE
FOUNDATION



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A tea worker picking leaves in a tea plantation. Sri Lanka is the world's fourth largest producer of tea. Overwhelming evidence has documented the many exploitative practices hidden within the tea supply chain in many countries, including Sri Lanka, with cases of forced labour, child labour and trafficking. In response to public outcry and consumer campaigns, some businesses have begun to clean up their supply chains and provide sustainable working conditions for workers. (2013)

FOREWORD



Across the nation, from school assemblies to football matches, Australians proudly sing our national anthem,

“ | Australians all let us rejoice,
| for we are young and free.

Freedom is one of the fundamental values underpinning Australian society. However, there are tens of millions of people across the world, including in Australia, who have no freedom – living as modern slaves.

The shock to me, as a business leader, has been the prevalence of modern slavery within the supply chains of most global companies. My eyes have been opened to those victims, hidden within multi-tier supplier relationships, silently paying the cost of rapid globalisation, falling through the gaps in regulation of emerging markets.

Our businesses have the power to influence change within supply chain networks, to drive up standards and remove the profitability of modern slavery. The cost to us is minimal, as the profit is made by the enslavers, who disappear when approached or discovered. The buck, however, stops with us, and it is our reputation that is burnt. Governments also have a critical role to play to encourage all in industry to take such action by introducing a clear, action-oriented but non-punitive legal framework.

We cannot be complacent. It's time now to act, to legislate and to work together to end modern slavery. In this overview, we've set out the case for an Australian “Modern Slavery Act”, addressing in turn the key questions: “what” is modern slavery, “who” is affected, “how” are you connected to modern slavery, “where” are the gaps in our legal framework and “why” it matters.

And it does matter. Introducing a “Modern Slavery Act” is not about punishing companies or adding more red tape. These proposed laws are deliberately designed to encourage and not penalise CEOs to look for modern slavery. If they find it, rather than point fingers, sectors

can collaborate to find creative, commercial and long lasting solutions.

Who is better placed than large companies to review supply chains, with demonstrated success at managing global networks to transform sectors, not only to protect victims but because it makes business sense? When better than now, in an era where an email can be sent instantly across the world to suppliers, allowing us to engage in regular and accountable dialogue with business partners?

Conversations around modern slavery have dramatically increased with the appointment of an independent commissioner in the UK and emerging laws in the UK, USA and Europe. Successive Australian governments have already introduced stronger laws to criminalise human trafficking and slavery. Australian companies including Qantas, Wesfarmers and the Commonwealth Bank of Australia are already filing slavery statements under laws overseas. The Attorney General, Senator the Hon George Brandis QC, has asked the Joint Standing Committee on Foreign Affairs, Defence and Trade to inquire into and report on establishing a Modern Slavery Act in Australia. These are important first steps.

Yet, this is not a new issue. Slavery has existed, in many different forms, since ancient times. Here in Australia, our history books contain pages of horrifying abuses inflicted on the victims, including Aboriginal people and South Pacific Islanders, forced to work on outback sugar plantations and cattle farms. Most of us are repulsed by those images and protest that if we lived in those times, we would never sit by and let such horrific human rights abuses happen. Yet we are sitting by and it is happening today.

Modern slavery surrounds us in our everyday life in Australia and throughout our increasingly interconnected world. The crime may (but not always) look different today, but at its core remains the same – those people most vulnerable and marginalised are exploited for the personal and commercial gains of another. Empirically it has been proven, and instinctively we know, that reliance on slavery prevents long term sustainable development both for a country's economy and civil society.

Australia has an opportunity to show leadership within our own country and region by introducing a “Modern Slavery Act”, sending a clear message that Australians will not stand by and accept modern slavery. I urge you to add your voice to this issue. It will change your life, as it has mine.

A handwritten signature in black ink, appearing to read 'Andrew Forrest'.

Andrew Forrest,
Chairman, The Minderoo Foundation
Founder, Walk Free Foundation
Chairman, Fortescue Metals Group



IT OUGHT TO CONCERN

...
EVERY PERSON
BECAUSE IT IS A DEBASEMENT
OF OUR COMMON HUMANITY.

...
EVERY COMMUNITY
BECAUSE IT TEARS AT
OUR SOCIAL FABRIC.

...
EVERY BUSINESS
BECAUSE IT DISTORTS MARKETS.

...
EVERY NATION
BECAUSE IT ENDANGERS PUBLIC HEALTH
AND FUELS VIOLENCE AND ORGANIZED CRIME.

I'M TALKING ABOUT THE **INJUSTICE**,
THE **OUTRAGE**, OF HUMAN TRAFFICKING,
WHICH MUST BE CALLED BY ITS
TRUE NAME – **MODERN SLAVERY**.

– 44TH US PRESIDENT BARACK OBAMA¹

EXECUTIVE SUMMARY

THIS IS THE CASE FOR AN AUSTRALIAN “MODERN SLAVERY ACT”.

HERE ARE YOUR KEY QUESTIONS ANSWERED:

WHAT IS MODERN SLAVERY?

Modern slavery refers to situations where one person has taken away another person's freedom – their freedom to control their body, their freedom to choose to refuse certain work or to stop working – so they can be exploited. Freedom is taken away by threats, violence, coercion, abuse of power and deception. With 45.8 million slaves worldwide, it affects almost every sector, region and company.

WHO IS AFFECTED?

Every story is different, but victims are usually those most vulnerable such as refugees, migrant workers, women and children. Case studies in this overview demonstrate how widespread modern slavery is in Australia, in our region and within our supply chains.

HOW ARE YOU CONNECTED TO MODERN SLAVERY?

Globalisation has resulted in a demand for cheap labour and modern slavery is often hidden within a vast range of supply chains, a long way from the country where goods are sold. Most Australians and companies are unknowingly benefiting from modern slavery in the food we purchase, clothes we buy, suppliers we hire and companies in which we invest.

WHERE ARE THE GOVERNANCE GAPS?

Australia needs a “Modern Slavery Act” that addresses three issues as a priority:

- 1. Anti-Slavery Commissioner** - appointment of an Anti-Slavery Commissioner to provide independent oversight, with powers to monitor laws and hold business and the Government accountable.
- 2. Modern Slavery Statements** - requirement for large organisations doing business in Australia to annually report on steps taken to eradicate modern slavery within their organisation and supply chains.
- 3. Central Repository** - creation and maintenance of a publicly accessible repository of all modern slavery statements filed each year.

WHY 45.8 MILLION REASONS

By introducing an Australian Modern Slavery Act, the Australian Government has an opportunity to show leadership domestically and in the region to protect the victims of this atrocious crime and eradicate modern slavery.

An Australian “Modern Slavery Act” is needed as the next step to build on the existing voluntary initiatives, laws and international standards. It would address the unregulated gaps in global markets and harness the power of business to remove the profitability of modern slavery. Clear laws will level the playing field, so that companies doing the right thing or that are otherwise regulated by international laws (such as the UK Modern Slavery Act) are not undercut by unscrupulous companies or otherwise disadvantaged.

Legislation is a powerful tool to shape and change corporate behaviour. Laws are needed to respond to the growing calls from religious organisations, companies, civil society, investors, employees and consumers for more action to be taken to end modern slavery.

WHAT IS MODERN SLAVERY?

Modern slavery refers to situations where one person has taken away another person's freedom so that they can be exploited.

Modern slavery covers a wide spectrum of crimes, but the common thread is any situation of exploitation where a person cannot refuse or leave because of threats, violence, coercion, abuse of power or deception. A person's passport might be taken away if they are in a foreign country, they may experience or be threatened with violence or their family might be threatened. In some shocking situations victims are treated in a manner worse than our basic standards for farm animals – people are used and disposed of at will. In some cases this can be accompanied with horrific sexual exploitation.

Different countries use different terminologies, but in this overview, the term “modern slavery” is used to refer to human trafficking, slavery and slavery like practices such as servitude, forced labour, forced or servile marriage, the sale and exploitation of children, and debt bondage.

These crimes are often the most exploitative and grievous circumstances of abuse, but it is important to recognise that they are often accompanied by other human rights abuses and poor labour standards, hidden behind systemic corruption and bribery.

Modern slavery can be found within almost every sector, region and company.



WHO IS AFFECTED?

45.8 million people are subjected to some form of modern slavery in the world today (Global Slavery Index, 2016). Within Australia, cases of modern slavery have been found across the agricultural, construction, manufacturing, hospitality and domestic sectors. Those workers highest at risk include those who are physically or linguistically isolated, culturally disorientated, subjected to crushing debts and have little to no knowledge of their rights.



Its victims are from all walks of life, but are most frequently among the poorest and most vulnerable of our brothers and sisters. On behalf of all of them, our communities of faith are called to reject, without exception, any systematic deprivation of individual freedom for the purposes of personal or commercial exploitation.

Pope Francis²

DOMESTIC SERVITUDE: SLAVERY IN THE SUBURBS OF SYDNEY

Case study as told by the
Salvation Army³

Sandra was working for a family in the Pacific Islands, and when they offered to relocate her to Sydney to work as a housekeeper – it sounded too good to be true. Yet when she arrived her passport was taken and it became clear she wouldn't be paid. Sandra was required to do all housework, gardening, caring for pets and cleaning the swimming pool. She became fearful for her safety. She wasn't allowed to leave the house or contact her family – enslaved in suburban Sydney. After many years, Sandra managed to escape to the Salvation Army Safe House which offers protection and support for victims of trafficking and slavery.

FORCED LABOUR: SEAFOOD SLAVERY

Case study as told by
Environmental Justice Foundation⁴

Aung Kyi's story is one of thousands entrapped in slavery in the Thai fishing industry. Originally from Myanmar, Aung Kyi had just quit his factory job when he met a "taxi driver" out one night. After a few drinks, the taxi driver offered Aung Kyi a place to stay. The next morning, he woke up in a room with 20 other people, only to find that he had been trafficked to work on Thai fishing boats. Entrapped in a complex network of criminals, he was subjected to physical abuse, held at gun point and forced into labour to pay off extortionate "recruitment" debts and interest. He escaped nine years later. His story is not uncommon. There have been many reported cases of modern slavery, together with physical abuse, excessive overtime and inadequate access to food. The seafood caught by modern slaves has been tracked and found in the supply chains of major retailers and restaurants across the world, including Australia.

FORCED CHILD LABOUR: SOLD TO GOLD MINERS

Case study as told by Verite⁵

When "Oscar" was 16 years old, his female cousin, who had worked in a bar in a mining camp far along the Colorado River in Madre de Dios (Peru), convinced him to take a job at the mine with stories of how he would be paid in chunks of gold. Oscar later discovered that his cousin had in fact "sold" him to the mine owner and was made to work for 90 days to pay off the money that his cousin had received for recruiting him before he could go. After working for this period however, Oscar had no money to leave, and even if he did, the canoes that transported workers were controlled by the mine owner.

HOW

ARE YOU CONNECTED TO MODERN SLAVERY?

Globalisation has resulted in a demand for cheap labour and modern slavery is often hidden within a vast range of supply chains. Supply chains today are increasingly interwoven and span multiple countries. The International Labour Organization (ILO) provides a poignant example of a “night out at the movies”.⁶

Imagine that you are in a cinema watching a popular animated movie. Now imagine all the people that made the experience possible. The movie itself was made by a company in the United States, using subcontractors in India and the Republic of Korea. The popcorn you are eating was harvested by workers in Argentina, prepared with palm oil from a Malaysian plantation and produced in machines assembled in Italy. The seat you are sitting on was made in Poland. The car you drove to the cinema was assembled in Spain, with parts from Austria, France, Japan, Mexico and Thailand and was transported on a container ship owned by a Greek national through a Liberian company, which was built in Japan and powered by Finnish engines. Indeed, the two hours you spend watching the film may have required the labour of thousands of people in dozens of countries in global supply chains.”

Many of the countries mentioned in the ILO example are rated with a high risk of modern slavery, with significant gaps in regulation for human rights and labour standards.

While many of these abuses occur in the supply chains of major global corporates, cases of blatant and deliberate corporate abuse are rare. Most do not even know what modern slavery looks like or just how susceptible their own supply chains are to it.

Investigating supply chains for modern slavery is a complex process. It is hard to maintain visibility over multiple layers of subcontracting and is made even more difficult when suppliers deliberately deceive parent companies. They can do this by lying about working conditions, sub-contracting in breach of terms, or using unauthorised third party recruiters. Whistleblowing has limited success as victims feel they cannot speak up because they are heavily indebted, fear recrimination or simply do not know how.

This issue is not insurmountable. With a clear legal framework that encourages companies to take proportionate and reasonable action within their spheres of influence and through the sharing of resources across all sectors, businesses can work towards eradicating modern slavery across the world. Large companies already have systems in place to expose bribery, corrupt practices and money laundering. Why not extend these existing procedures to look for modern slavery?

Most Australians are unknowingly benefiting from modern slavery in the food we purchase, the clothes we buy, the suppliers we choose and the companies in which we invest. Consumers have gained from the exploitation of migrant workers picking fruit in Australia; factory workers in Malaysia subjected to forced labour producing the latest smartphone; the enslaved fishermen catching seafood to stock the shelves of Australian supermarkets.

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A view of collapsed Rana Plaza building in Bangladesh. Over 1,130 workers of apparel factories were killed and 2500 others were injured when the eight-storey factory building collapsed on the outskirts of Bangladesh capital Dhaka in 2013. Bangladesh is one of the major countries supplying ready made garments to leading apparel brands in the USA and Europe. Bangladesh also earns over US\$28 billion a year by exporting apparel items.

Photo credit, Farid_Ahmed



THE POWER OF BUSINESS

FORTESCUE METALS GROUP CASE STUDY

“ It is not acceptable for any organisation to say, in the twenty-first century, that they did not know. It is not acceptable for organisations to ignore the issue because it is difficult or complex. And, it is certainly not acceptable for an organisation to put profit above the welfare and well-being of its employees and those working on its behalf.

Theresa May, UK Prime Minister⁷

Andrew Forrest needed to know if the company he founded, Fortescue Metals Group (Fortescue), was “slavery free”. In 2012, Fortescue commissioned an independent audit by Verité into the working conditions of the employees of one of its major suppliers.

Confronting stories emerged. Passports of workers were being withheld. Intermediary agencies were charging excessive fees that could never be repaid. Crippled by crushing debt and without their passports, workers were unable to leave their employment and had no ability to report the conditions in which they worked. The workers were not being deliberately enslaved by the corporate leaders or the suppliers, but through their failure to check the practices of intermediate agencies, the company had been creating conditions that allowed modern slavery to thrive.

Fortescue then used its commercial influence and leverage to ensure all passports were returned, illegal fees paid back and major overhauls were made to ensure it did not happen again. Fortescue now has systems and policies in place to give effect to a zero-tolerance policy for modern slavery in its organisation and supply chains, and is collaborating with other business suppliers addressing similar risks.

Fortescue’s anti-slavery foundation documents are:

- ☒ Fortescue Human Rights Policy
- ☒ Employee Code of Conduct
- ☒ Directors’ Code of Conduct
- ☒ Vendor Terms and Conditions

These documents establish the essential standards of personal and corporate conduct and behaviour expected of everyone who works for or with Fortescue including directors, employees, contractors, suppliers and business partners. Fortescue suppliers are required to sign statutory declarations to confirm their legal commitment to respond to the risks of modern slavery.

In 2016, Fortescue implemented a system of real time risk alerts, automatically reporting to senior management any material changes in business partner’s risk ratings for modern slavery. Fortescue reports on modern slavery each year in its annual report.

There is no overnight solution, but Fortescue is committed to the long-term goal of ending the profitability of modern slavery.





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Photo taken at the Global Freedom Network (GFN) event in Canberra 2015. Foreign Minister Julie Bishop is the Joint Chair of the Bali Process. Andrew Forrest is the Joint Chair of the Bali Process Government and Business Forum.

THE BALI PROCESS

The Bali Process, co-chaired by Australia and Indonesia, is a forum that aims to encourage cooperative efforts against trafficking and people smuggling in the Indo Pacific region.

It brings together governments of 45 countries, 3 UN organisations, and inaugurally for 2017 will include private sector participants as part of the Bali Process Government and Business Forum.

The Bali Process Government and Business Forum is an invaluable opportunity to bring together business leaders across the region from a wide range of sectors to combine efforts to eradicate human trafficking, slavery and forced labour. To ensure real change, business leaders will advise the governments on how to best tackle modern slavery from a corporate perspective, provide input on policies and share experiences on best practices.

The Bali Process Business Forum is the first regional initiative of its kind in the world. In 2017, it will be co-chaired by Eddy Sariatmadja from Indonesia (founder and CEO of Emtex) and Andrew Forrest from Australia (founder and Chairman of Fortescue Metals Group).

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Photo taken at Fortescue Metals Group's Christmas Creek mine site in the Pilbara, overlooking the Ore Processing Facility.

Photo credit, Jean Marc La-Roque

WHERE ARE THE GOVERNANCE GAPS?

There are a vast array of issues underpinning the complexity of modern slavery. The Government and other organisations undertake vital work ranging from victim support and rehabilitation to prosecuting offenders and much more. There are many important areas for reform. In this overview The Walk Free Foundation is focusing on the issue of modern slavery in supply chains and the governance gaps identified.



Friends, this is one of the many ways that Australia is saying 'no'.

No to people trafficking.

No to slavery.

That is not a world we will accept.

Not here.

Not overseas.

Not anywhere.

Not ever.

Julia Gillard, Former Prime Minister⁸



The Walk Free Foundation, together with other organisations, business and faith leaders, are calling for a “Modern Slavery Act” in Australia that implements three key priorities:

1.

ANTI-SLAVERY COMMISSIONER

The appointment of an independent Anti-Slavery Commissioner to lead Australia’s fight against modern slavery. A Commissioner is vital for the success of any efforts to tackle modern slavery and will demonstrate Australia’s commitment as a leader in the region.

As an independent body, the office of the Commissioner would be tasked with overseeing a coordinated response across all sectors; from those on the ground identifying victims and providing emergency support services, to the police and prosecutors pursuing offenders, to companies addressing modern slavery within their supply chains. The Commissioner would have powers to monitor legislation, hold businesses and the Government accountable and promote practices to identify and protect victims. The Commissioner would prepare public annual reports to detail findings, review progress and recommend strategies. The Commissioner would work together with the Ambassador for People Smuggling and Human Trafficking.

2.

MODERN SLAVERY ANNUAL REPORTING BY LARGE COMPANIES

All large organisations doing business in Australia must publish an annual “Modern Slavery Statement” reporting on steps taken to ensure modern slavery is not occurring within their organisation and supply chains.

Mandatory reporting has proven to be a powerful way of bringing the attention of modern slavery to senior executives. When a leading global company exerts influence, it has a cascading impact through its network of suppliers, and can encourage sector wide transformation for the benefit of those most vulnerable at the end of the chain.

There is a strong business case for organisations to be increasingly transparent on non-financial matters, including modern slavery. Investors are demanding greater clarity and accountability before doing business with companies, preferring those who proactively address risks rather than wait to reactively respond to a crisis. Almost 10% of the top 100 ASX listed companies are already reporting under equivalent UK laws.⁹

3.

CENTRAL REPOSITORY

Maintain a publicly accessible repository to file “Modern Slavery Statements”.

Who must comply? What risks are being identified? Are they doing enough? Without a repository, it is difficult to answer these questions so that statements can be analysed and the actions (or inaction) of companies monitored. A central repository is needed to ensure reporting laws are effective in bringing change and importantly progress of companies is measurable as modern slavery will not be “fixed” overnight. The UK government recognises this gap in the UK law and is currently consulting with NGOs as to how to best manage a central repository for statements filed under section 54 of the Modern Slavery Act.

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Child labour is not a new issue in Bangladesh. Children are one of the most vulnerable groups living under threats of hunger, illiteracy, displacement, exploitation, trafficking, physical and mental abuse. Many children work in hazardous conditions in factories. Factory owners prefer to employ children as they can pay them less. For example, a child earns 5 USD per month, while an adult earns up to 62 USD per month.

Photo Credit, GMB Akash

WHY

45.8 MILLION REASONS

There are at least 45.8 million reasons why Australia must do more to end modern slavery.

Introducing an Australian Modern Slavery Act will seek to (i) show leadership in the region, (ii) build on the existing voluntary and legal framework, (iii) address the growing governance gap that has allowed modern slavery to flourish, (iv) level the playing field for companies operating in the global market, (v) encourage a change in corporate behaviour and (vi) respond to growing public calls for its enactment.



1

SHOW LEADERSHIP IN THE REGION

Australia can lead the way in introducing a Modern Slavery Act to ensure the reputation of Australian companies matches foreign policies and global moral expectations.

An Australian Modern Slavery Act would build on efforts Australia is already taking in the region to eradicate modern slavery. For example, Australia co-chairs with Indonesia the “Bali Process” which aims to encourage cooperative efforts against trafficking and people smuggling in the Indo Pacific region. The Bali Process is an important forum to bring together the governments of 45 countries, UN organisations and for the first time in 2017, private sector participants. This year’s introduction of the Bali Process Government and Business Forum is an invaluable opportunity that encourages the private sector to provide input on policies, share experiences and show leadership in the region.

“ One thing is clear: no nation can end modern slavery alone. Eliminating this global scourge requires a global solution. It also cannot be solved by governments alone...But governments have a special responsibility to enforce the rule of law, share information, invest in judicial resources and espouse policies that urge respect for the rights and dignity of every human being.

John F. Kerry —
Former US Secretary of State¹⁰

By introducing an Australian Modern Slavery Act, the Australian Government has an opportunity to show leadership domestically and in the region to protect the victims of these atrocious crimes and eradicate modern slavery.

Equally, Australian CEOs have an opportunity to show leadership by supporting the introduction of these laws. Forward thinking companies have already started to turn their response to the risk of modern slavery into a business advantage, rather than business burden. Companies are realising that in order to attract and retain talent, they need to support laws such as the Modern Slavery Act, as increasingly employees want their moral values to align with corporate values. In addition, shareholders and investors are demanding greater clarity and accountability on risks such as modern slavery which, if they eventuate into a crisis event, will have a dramatic impact on bottom line profits.



This community was in transition from slavery to freedom in a stone cutting district of Varanasi. The members of this community did not want to be interviewed as they were concerned by potential repercussions from authorities, but were happy for photos to be taken.

Photo credit, Grace Forrest

2.

BUILD ON THE EXISTING FRAMEWORK

Modern slavery is not a new issue.

Introducing a Modern Slavery Act will build on the existing framework in place domestically and internationally.

Most countries in the world have laws that criminalise modern slavery. In Australia, successive governments have strengthened the Australian criminal framework. In 2013 new laws were introduced to improve investigations, prosecutions and victim support for modern slavery crimes. The rate of prosecutions is low however, with many arguing that crimes of labour exploitation have not been adequately addressed.

The Government is midway through a five year “National Action Plan to Combat Human Trafficking and Slavery” which includes reviewing recommendations from the supply chains working group. In February 2017, the Attorney General, Senator the Hon George Brandis QC asked the Joint Standing Committee on Foreign Affairs, Defence and Trade to inquire into and report on establishing a Modern Slavery Act in Australia. This demonstrates strong support by the current Government to explore how to improve Australian laws to prevent modern slavery both within Australia and in supply chains of organisations that operate in Australia.

An Australian Modern Slavery Act would build on international voluntary initiatives, including the Guiding Principles on Business and Human Rights (“UNGP”). Introduced in 2011, the UNGP were in part, a response to public outcry in the 1990s where journalists published images of young children working in sweat shops. Brands in the spotlight were forced to accept responsibility for the actions of their suppliers but had little guidance on how to address these complex issues. The UNGP are one of the most prominent voluntary initiatives addressing the intersection between human rights and businesses. The UNGP receive wide support from states, civil society and the private sector. Many leading companies are aware of and understand the relevancy of the UNGP. While largely viewed as “soft law” they formed an important foundation for “hard law” such as the newly emerged Modern Slavery Act in the UK, US legal framework and emerging EU Directive on Non-Financial reporting for large businesses on human rights. “Hard law” also provides the impetus and momentum for engagement at a senior level within companies. During 2016, the Australian Government agreed to undertake a consultation to consider the implementation of the UN Guiding Principles in Australia (which includes developing guidance for businesses on human rights due diligence reporting).

It would also strengthen domestic initiative. For example, in December 2015, a handful of Australian companies, including Woolworths, Coles and Big W signed a pledge to work together (and with suppliers) to eradicate modern slavery identified in their supply chains. This is an example of a good initiative, yet the pact is limited to specific sectors, has minimal public accountability and naturally relies upon companies opting in to the voluntary pact.

Voluntary initiatives need the support of regulation to keep up with the continued expansion of global supply chains.

These are important first steps. Building on these existing criminal laws and voluntary initiatives, a Modern Slavery Act will provide a clear framework by requiring all companies to tackle modern slavery in supply chains head on and appointing an independent commissioner to lead the efforts in Australia.



Thai ‘trashfish’ workers unload trashfish
at Songkhla port, Thailand. (2014)

Photo credit, Chris Kelly

3.

ADDRESS THE GOVERNANCE GAP

Modern slavery is a global phenomenon and demands a global response.

The governance gap created by globalisation allows companies and their suppliers to operate in some markets without any accountability for modern slavery. Yet avoiding these markets is not the solution, as it fails to address the problem. Creating sustainable supply chains can contribute positively towards growth, improve competition, provide job opportunities and bring families out of poverty. Rather what is needed to address the governance gap is clear legislation.

Governments need to introduce laws that match (as a minimum) and where appropriate, strengthen existing laws such as the UK Modern Slavery Act, Californian Transparency in Supply Chains Act, and EU Directive for Non-Financial Reporting. Each of these laws, though sometimes considered light touch, require large organisations to report on steps taken to address modern slavery within their organisation and supply chains. These laws have been driven forward by conservative and social democrat governments, but garner support across all major political parties in the UK, US and EU. The Government inquiry into whether Australia should adopt a “Modern Slavery Act” (announced February 2017) is an important step forward.

An Australian Modern Slavery Act that matches, as a minimum, the existing standards set out in the UK, EU and US is crucial. Australia is well placed to learn from what works (and what doesn't) from the precedent set internationally and create a framework that is suitable for the Australian context. Ensuring consistency with existing international efforts will be welcomed by global companies to avoid competing and inconsistent regulations.



4

CREATE A LEVEL PLAYING FIELD

An Australian Modern Slavery Act is needed to level the playing field.

Companies who take the initiative to investigate voluntarily should not be unfairly prejudiced or otherwise suffer a competitive disadvantage because they do the right thing. It will also level the playing field for those global companies within Australia who are already regulated overseas to report on modern slavery within their supply chains.

Laws introduced in the UK, US and EU have international reach and are holding both local and foreign companies who do business inside their borders to public account.

Almost 10% of the top 100 ASX listed companies are already filing modern slavery statements under the UK Modern Slavery Act, including Qantas, Wesfarmers and the Commonwealth Bank of Australia.¹¹

“Acting with integrity and respect for human rights are drivers for our ongoing commitment to ensure there is no slavery or human trafficking of any form in our business activities or supply chain.”

Commonwealth Bank of Australia –
Modern Slavery Statement 2015/16¹²

In an age of heavy regulation for companies a knee jerk reaction is to view any additional obligations as red tape or unnecessary paper work. Rather the opposite is true. Global companies welcome the clarity around reporting and the creation of a base minimum standard. CEOs are increasingly recognising there is no value in competition on ethical standards or values, the real value is in collaboration.

“[The Modern Slavery Act, UK] has driven us to look even further in our business, and we have identified things we need to do better. I’m saying clearly, as a businessman, that piece of regulation has been helpful. It has driven consistency in the marketplace.”

Marks and Spencers –
Mike Barry, Sustainable Business Director¹³

The proposal for an Australian Modern Slavery Act includes the creation of a central repository. This reflects feedback from certain companies and NGOs in the UK who are pushing strongly for an officially approved UK central repository to file modern slavery statements to improve transparency and accountability.¹⁴

5.

ENCOURAGE CHANGE IN CORPORATE BEHAVIOUR

Legislation is an important tool that can shape and change business behaviour.

Laws should encourage companies to take proportionate action tailored to the industry and sectors within which the companies operate. Companies can set the pace at which they respond, effectively encouraging a race to the top to drive up standards.

“Protecting human rights around the world, wherever our product falls or work is done on our product, is not an option; it is a business imperative. Our customers demand it, our staff demand it, and the board and I demand it...What tends to shape business behaviour is customers, shareholders and, of course, legislation.”

ASOS –
Nick Beighton, CEO¹⁵

Laws that ask companies to look for the most grievous cases of modern slavery is an ascertainable target. Looking for modern slavery often is a “key” to unlock investigation into other labour and human rights issues. When companies look for modern slavery, they may inevitably find one or two instances, but may uncover other issues – for example underpaid wages. Modern slavery reforms may pave the way to broaden corporate culture to tackle a wider range of human rights issues. An Australian Modern Slavery Act would be an important first step, in the wider context of human rights accountability for businesses, to help CEOs walk before they run.

It is still early days, but initial analysis suggests laws such as the UK Modern Slavery Act are working. A recent Ethical Trading Initiative and Hult Business School research report described the UK Modern Slavery Act as a “game changer” for many companies.¹⁶ This report noted that following its introduction, double the number of CEOs are actively involved in addressing modern slavery. Many companies have reported improved communications with suppliers and collaboration across sectors. More CEOs are treating modern slavery as a business-critical issue. Nike recently reported that addressing these sustainability issues are not only the morally right thing to do, but that it actually benefits company operations.¹⁷

“Sustainability moved from being a risk and reputation function, to a business lever function to being an innovation function...This unlocked in the company a huge insight, which was solving a sustainability problem can actually unlock new performance, new price or new aesthetic benefits.”

Nike –
Beverly Jones, Chief Sustainability Officer¹⁸

6.

GROWING SUPPORT

There is growing support for an Australian “Modern Slavery Act” from companies, NGOs and religious organisations.

On the UN International Day for the Abolition of Slavery (2 December 2016), as part of the Australian Freedom Network, fifteen major Australian faith organisations signed a declaration calling on the Australian Government to enact legislation that reflects the world’s best practice in the fight to end modern slavery, including the appointment of an Independent Anti-Slavery Commissioner.

In 2014, in a watershed moment and part of the Global Freedom Network, faith leaders across the world, breaching cultural, religious and political divides, signed the Joint Declaration of Religious Leaders Against Modern Slavery in the Vatican City to pledge an end to modern slavery and human trafficking by 2020. They were joined by leaders from many countries of the world, representing the business, political and civil sectors.

Since this event, leaders have annually reaffirmed their commitment.

In 2015, the second signing of the Joint Declaration of Religious Leaders Against Modern Slavery took place at Parliament House, Canberra. On this occasion, it was Australian faith leaders who were pledging to do all that they could to take spiritual practical action to end slavery. In 2016, the third signing of the Joint Declaration of Religious Leaders Against Modern Slavery took place at the India Habitat Centre, New Delhi, India. The Indian event was followed by a roundtable discussion on ‘Eradication of bonded and forced labour in India’.

V

The organisations listed below are members of the Australian Freedom Network who are campaigning to end slavery in Australia. James Condon, of the Salvation Army and Chair of the AFN, on behalf of the AFN recently wrote to Prime Minister Turnbull on 2 December 2016 urging him to introduce a Modern Slavery Act to strengthen transparency and accountability in supply chains.

“All [...] forms of slavery are deemed reprehensible in Islamic law and religious and human rights institutions, authorities and organizations must all work to abolish them and push countries to enact laws and legislations that deter the deprivation of freedoms.”

Mohamed Ahmed El-Tayeb –
Grand Imam of Al-Azhar¹⁹



NEXT STEPS

No one person or organisation can end modern slavery.

Globalisation has brought tangible benefits and positive changes to many across the world. Technological advances have connected the world unlike any other time in history. Consumers are also more socially aware.

And still, slavery continues to persist. It is a complex web of criminal behaviour, where sometimes those committing the crimes have turned to cruel and desperate measures to survive themselves.

We cannot be complacent.

Politicians must drive standards higher and introduce new laws. CEOs must proactively address the risk of modern slavery. Procurement managers must seek better relationships with suppliers and drive up standards of transparency. Religious leaders must mobilise efforts and collaborate to ensure the freedom of every person is protected. Consumers must use their buying power to demand greater accountability and transparency from companies.

Introducing an Australian Modern Slavery Act is a powerful message to all Australians, companies that do business in Australia and to our neighbouring regions that we shall not stand by and ignore the millions subjected to modern slavery.

It's time now to act, to legislate and to work together to end modern slavery.

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A worker inside a textile factory in Dhaka, Bangladesh producing jeans. Around 4 million people, mainly women, work in the garment industry in Bangladesh, the second largest in the world. The industry is worth around GBP12.5 billion a year. Workers often are significantly underpaid and forced to work in extremely difficult conditions.

Photo credit, GMB Akash

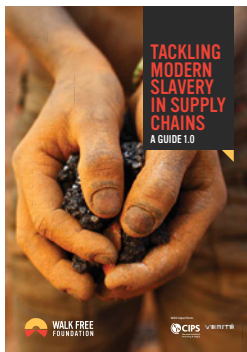
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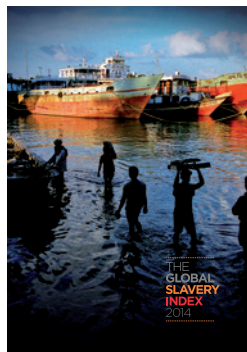
RESOURCES



walkfreefoundation.org



globalslaveryindex.org



globalfreedomnetwork.org



Walk Free Foundation has several publications and resources which can be accessed and downloaded from our websites. For further information please contact the Walk Free Foundation team.

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Slave labour children peer from behind a textile loom where they work in Uttar Pradesh, India. The photographer was taken to this village by a local anti-slavery organisation. This village had many children working on looms in several mud hut homes. This picture was taken while the loom owner was sleeping off a hangover in a cot nearby. The children worked in horrible conditions, sitting in dirt pits for 14 hours a day, sometimes without food and water, in stifling heat. Their fingers were deformed, their spines and eye sight damaged. Most carpets were made for foreign export (2003).

Photo credit, Jodi Cobb

A close-up photograph of a person's arm and hand reaching out from the top right corner. The background consists of vertical blinds, with a textured, brown fabric surface visible at the bottom. The lighting is warm and focused on the arm.

YOU MAY CHOOSE TO LOOK THE OTHER WAY
BUT YOU CAN NEVER SAY AGAIN THAT YOU DID NOT KNOW

WILLIAM WILBERFORCE

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