



Australian Government
Australian Reinsurance Pool Corporation

Modern Slavery Statement

2022 – 2023



Acknowledgment of Country

Australian Reinsurance Pool Corporation (ARPC) acknowledges the Traditional Custodians of country throughout Australia and their connections to land, sea, and community. We pay our respect to their Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples today.



Modern Slavery Statement

This modern slavery statement has been developed and published in accordance with *The Modern Slavery Act 2018* (Cth) (MS Act) by the Australian Reinsurance Pool Corporation (ARPC), for the financial year ending 30 June 2023.

1. About ARPC

ARPC is a corporate Commonwealth entity established under the *Terrorism and Cyclone Insurance Act 2003* (TCI Act) and subject to the *Public Governance, Performance and Accountability Act 2013* (Cth) (PGPA Act).

As a financial corporation, ARPC operates in accordance with its enabling legislation, its duties and obligations under the PGPA Act. ARPC has a general duty to deliver on its legislative obligations in an efficient and effective manner with care and diligence for the proper use and management of public resources.

ARPC is an Australian Government reinsurer of terrorism and cyclone events. As a reinsurer, ARPC operates within the commercial reinsurance landscape engaging with reinsurers, insurer customers and other stakeholders.

ARPC’s functions under section 10 of the TCI Act are:

- a) to provide insurance cover for eligible terrorism losses (whether by entering into contracts or by other means);
- b) to operate a cyclone and related flood damage reinsurance pool by entering contracts of reinsurance as reinsurer in accordance with Part 2A; and
- c) any other functions that are prescribed by the Regulations.

ARPC’s vision is a future where the Australian communities we serve are more resilient to disasters through access to affordable insurance for terrorism and cyclone events. Our vision sets a defined direction for the planning and execution of ARPC’s strategic priorities. ARPC’s purpose, vision, strategic priorities, and values are shown in Figure.1.



Figure 1: Purpose, Vision and Strategic Priorities as at 30 June 2023.

2. ARPC's structure, operations, and supply chains

The ARPC's Accountable Authority is appointed by the Responsible Minister and consists of a Chair and between six and eight other Members. As required by the PGPA Act, ARPC has an Audit, Risk, and Compliance Committee (ARCC) comprising members of the Board. The Board appoints the CEO and sets the governance and policies for the organisation.

ARPC is located in Sydney and employed 59 staff as at 30 June 2023.

The Terrorism Reinsurance Pool (terrorism pool) provides insurers with reinsurance for commercial property and associated business interruption losses arising from Declared Terrorism Incidents (DTIs).

The Cyclone Reinsurance Pool (cyclone pool) provides insurers with reinsurance for household, strata and small business property insurance for losses arising from cyclone and cyclone-related flooding for Declared Cyclone Events (DCEs).

ARPC operates within the commercial reinsurance landscape engaging with reinsurers, insurer customers and other stakeholders.

ARPC's supply chains consist of contracted professional and government services. These include specialist consulting services for legal, internal audit, information technology, actuarial, insurance and reinsurance brokerage, and building management. ARPC's supply chain also includes suppliers of IT equipment, office supplies (stationery), office maintenance services (including but not limited to cleaning, plumbing, electrical, air conditioning, and pest control services), stakeholder travel-related expenses, food supplies, and ad-hoc catering.

3. Risks of modern slavery practices in the operations and supply chain of ARPC

As ARPC's supply chain consists mostly of professional and government services, the risk of modern slavery practices within ARPC's supply chain is low. ARPC suppliers which operate in industries and workforce categories that may have higher risk for modern slavery include the provision of food suppliers, IT equipment purchases, incidental travel, and office supplies. These higher risk suppliers commonly operate in industries susceptible to modern slavery risks such as agriculture, hospitality and tourism, and manufactured goods from overseas. However, ARPC's transactions in these areas are low in volume and value.

ARPC experienced an increase in supplier spending activity in 2022-2023 compared to the previous year. The increase in supplier spending activity was driven substantially by implementing the cyclone reinsurance pool. This included an increase in spend for equipment and IT software licences. There was also an increase in the engagement of professional service vendors to assist implement the cyclone pool within the legislated timeframes.

4. Actions taken by ARPC to assess and address modern slavery risks

ARPC continues to apply the criteria developed during 2019-2020 to identify, assess and rank suppliers in terms of modern slavery risk. Based on the nature and operations of the supplier against the criteria, suppliers were ranked into high, medium, and low risk to modern slavery. The assessment of ARPC's supplier activities in 2022-2023 was consistent with the assessment of ARPC's supply chain in previous years.

ARPC's terrorism pool reinsurance vendors are required to provide annual assurance of their commitment to the principles of the MS Act.



In December 2022, ARPC’s Reinsurance Broker on behalf of ARPC, requested confirmation of compliance with the MS Act from all retrocessionaires. Confirmation was received from all retrocessionaires.

ARPC placed its 2023 retrocession program in January 2023, and its reinsurance vendors acknowledged their modern slavery obligations and committed to inform ARPC if they faced any supply chain risk with modern slavery impacts.

Going forward, the MS Act clause will be incorporated into the standard retrocession program agreement when it is next drafted in 2024 for the 2025 retrocession program.

The reinsurance agreement for the cyclone reinsurance pool includes a clause on modern slavery requiring that each party to the agreement comply with their modern slavery obligations to identify and address the risk of modern slavery in their operations and supply chains. The agreement also stipulates that each party may request information from the other to comply with its reporting obligations and imposes a requirement on each party to notify the other if they become aware of any suspected or confirmed instances of modern slavery in their operations or supply chains.

In mid-2023, ARPC introduced a new form as part of its vendor onboarding and management process to collect relevant information pertaining to modern slavery. This form requires vendors to confirm their annual consolidated revenue in accordance with the MS Act, and provide assurance that where applicable they comply with the requirements of the MS Act (or equivalent if in another jurisdiction). ARPC’s contract template and accompanying information sheet also require suppliers to comply with the MS Act.

Where ARPC identifies any concerns with suppliers regarding modern slavery risk, due diligence is conducted by raising these matters with the supplier, with a view to them adjusting their approaches to modern slavery risks by implementing best-practice approaches. If the supplier chooses not to engage in corrective measures being implemented or assurance being provided, ARPC may consider discontinuing the relationship with the supplier. ARPC has not yet had to take any such remediation action.

5. How ARPC assesses the effectiveness of such actions

ARPC monitors and assesses its suppliers and relies on assurance of third parties under contractual arrangements who have obligations to inform ARPC. This will include checking:

- Due diligence requirements in procurement procedure have been applied.
- ARPC Contracts include the provision of the modern slavery information sheet.
- Relevant legislative changes are monitored and implemented.

6. Processes of consultation with reporting entities

ARPC does not own or control any other entities.

7. Any other relevant information

While not a requirement under the legislation, ARPC’s commitment to the principles of the MS Act is displayed on the ARPC website through the following message:

‘ARPC is committed to making sure that our operations and supply chain is free from modern slavery practices.

ARPC is dedicated to acting ethically, honestly, and with integrity in all business relationships and expect our supply chain to comply with similar values.



We strive to continually improve our processes of due diligence through the use of risk-based practices and controls throughout our procurement processes.

All staff have been trained on what modern slavery is and how it can impact individuals and groups within industries, organisations, and workplaces.

As a reporting entity under the Modern Slavery Act 2018, ARPC reports annually on its actions to assess and address modern slavery risks.'

This Modern Slavery Statement 2022-2023 has been approved by the Australian Reinsurance Pool Corporation Accountable Authority 2023.



Signed by
Ms Julie-Anne Schafer
Board Chair

