



Melbourne Water's Modern Slavery Statement

FY 2020

INTRODUCTION

Melbourne Water Corporation (Melbourne Water) has taken a proactive approach to the management of modern slavery risk in our operations and supply chains. We take these risks seriously and are committed to striving for increasing levels of transparency and believe the best way to identify and mitigate negative risks in our operations and supply chains is to work collaboratively with internal stakeholders, industry and our suppliers.

Melbourne Water has led a Victorian Water Industry Social Procurement Working Group (SPWG) with an ongoing program of work since 2016, to identify and address human rights impacts with a focus on labour rights risks and opportunities in the supply chains of Victorian Water Corporations.

The development and delivery of this statement is guided by Melbourne Water's commitments to the Victorian Charter of Human Rights and Responsibilities (2006), the *Modern Slavery Act (Cth) (2018)*, (MSA), and the United Nations Sustainable Development Goals (SDGs). The SDGs of Gender Equality (goal 5), Decent Work and Economic Growth (goal 8) and Reduced Inequalities (goal 10) have particular relevance. The SDGs provide a framework in articulating the value of our contribution to sustainability more broadly, including through our response to modern slavery.

Whilst Melbourne Water has not identified any specific instances of modern slavery harm in our supply chain, we recognise that this first Modern Slavery Statement sets the groundwork for our ongoing focus on mitigating modern slavery risk going forwards.

This statement has been approved by the board of Melbourne Water and has been signed by John Thwaites (Chair) and Michael Wandmaker (MD) authorised to sign this statement on behalf of Melbourne Water.



A handwritten signature in black ink, appearing to read "John Thwaites". The signature is written in a cursive, flowing style.

John Thwaites
Chair



A handwritten signature in black ink, appearing to read "Michael Wandmaker". The signature is written in a cursive, flowing style.

Michael Wandmaker
Managing Director

1. IDENTIFY THE REPORTING ENTITY

The reporting entity under the MSA is Melbourne Water Corporation (Melbourne Water), a water corporation established under section 85 of the Water Act 1989 (Vic) (the Act).

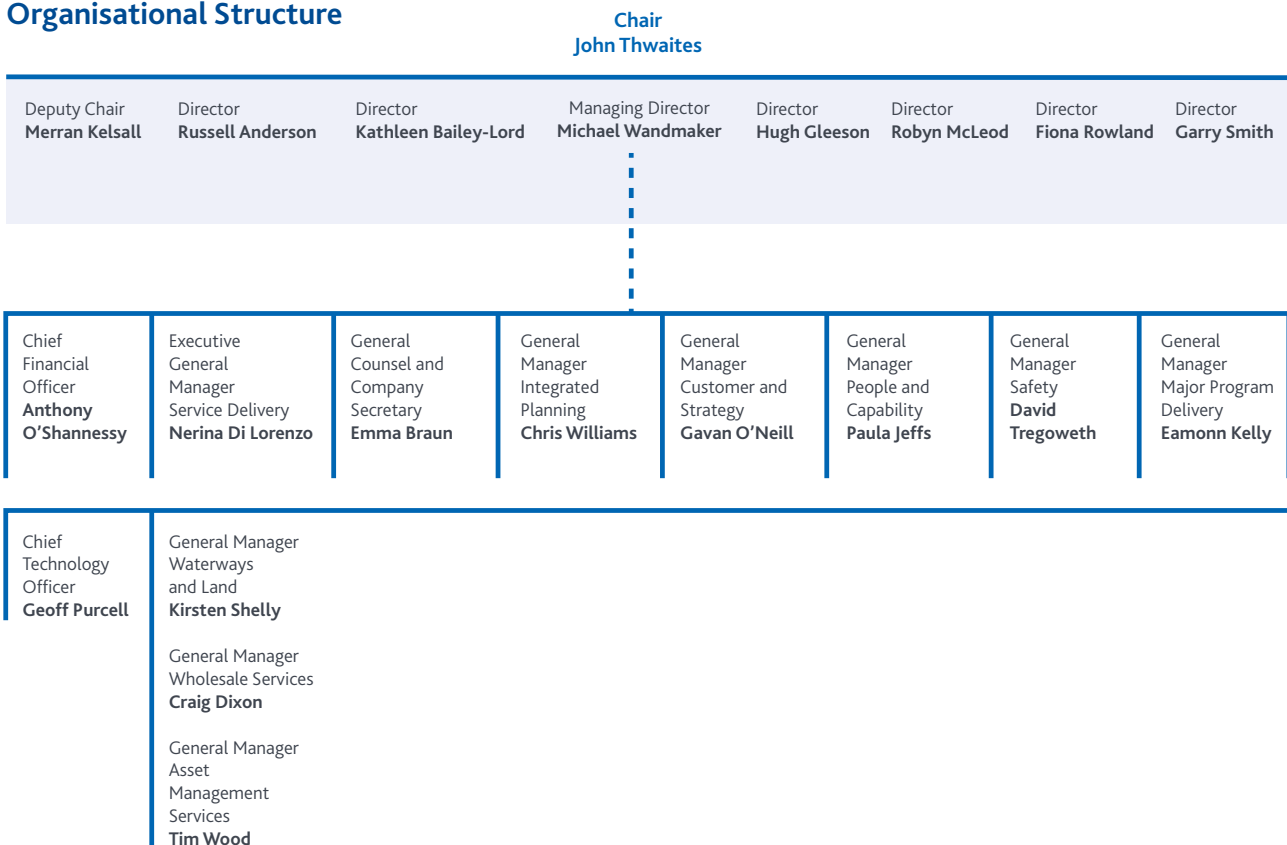
2. ENTITY STRUCTURE, OPERATIONS AND SUPPLY CHAINS

Introduction

Melbourne Water is a provider of essential water supply, sewerage, drainage and waterway management services to the greater Melbourne region. Melbourne Water has played an integral role in helping to build the modern liveable city we see today and we are proud of our contribution to Melbourne's liveability which we achieve by focusing on our three pillars: Healthy People, Healthy Places, and Healthy Environment.

We continually examine how we can evolve our business to ensure we are meeting the challenges we face by listening to our customers, empowering our people, utilising technology and continuing to deliver world-class services.

Organisational Structure



Who we are

As a statutory authority owned by the Victorian Government, Melbourne Water works on behalf of the community to deliver a range of valuable services across the Greater Melbourne region.

To help make Melbourne a fantastic place to live, we supply affordable, high-quality water, provide reliable sewerage treatment and resource recovery, manage healthy waterways, provide integrated drainage management and flood resiliency, and maintain outstanding natural community spaces.

Every day we:

- manage water supply catchments
- treat and supply both drinking and recycled water products
- transfer, treat and recover resources from most of Melbourne's sewage
- manage waterways and major drainage systems in the Port Phillip and Westernport region.

To ensure Melbourne's water supply remains secure, Melbourne Water manages catchments, water storages and the water transfer network to meet the needs of a growing city. We prepare for droughts, floods, bushfires and other events.



2. ENTITY STRUCTURE, OPERATIONS AND SUPPLY CHAINS

Where we operate

Melbourne Water's operating area



Operations

In 2019-20 Melbourne Water recorded over 1000 permanent employees with around 100 fixed term and casual employees with the head office located at Docklands in Melbourne.

Melbourne Water has two Enterprise Agreements which provide terms and conditions, including hours of work and pay, to the vast majority of its employees. The Agreements - Melbourne Water Enterprise Agreement 2020 and Melbourne Water (Waterways and Land Delivery) Enterprise Agreement 2017 - are negotiated every three or four years with the respective unions, and are governed by the State Government's Industrial Relations policies and require approval from the Fair Work Commission. Both Agreements are made available to all employees upon commencement of employment and remain available to employees through the Melbourne Water intranet.

Melbourne's sewage treatment system consists of two main treatment plants, the Western Treatment Plant at Werribee and the Eastern Treatment Plant at Bangholme. Our major water treatment plants include the Winneke and Tarago Treatment Plants.

We supply, treat and transfer drinking water to Melbourne's three retail water companies and other non-metropolitan water businesses who in turn provide it to households and businesses across Melbourne.

We also supply recycled water to wholesale customers. Together with councils, we play a role in managing most of Melbourne's drainage system. These customers include local government, direct service customers and developers. (For more detail on operation sites and customers, please refer to our website).

Supply chains

Our annual procurement spend is governed by our Procurement Policy and Framework, which guides our activities to ensure that our buying power advances social, economic and environmental objectives. As a Victorian Government-owned organisation, we aim to ensure that our purchases represent value for money and are sourced fairly and ethically.

Our supply chain includes the purchase of goods and services including electricity, gas, equipment, materials, professional and technical services with the majority of suppliers located in Australia. We categorised the key areas of spend into six portfolios for the purposes of our risk assessment (see below).

3. RISKS OF MODERN SLAVERY

Operations

According to the Commonwealth Guidance, commonly accepted indicia of modern slavery risk in a workforce include unskilled, temporary or seasonal labour; workers operating on short-term contracts or labour-hire agreements; the presence of foreign workers; or workers who are not immediately visible because their work is undertaken at night or in remote locations. Currently, the majority of our workforce are permanent employees. Less than 2% of our workforce are casually employed and <7% are fixed term, primarily working backfilling long term leave or on time-constrained projects. This workforce composition, coupled with the fact that our employees are Australia-based, a country with a low risk rating from a modern slavery perspective, led to the conclusion that our workforce and in turn operations, generally posed a low risk from a modern slavery perspective.

Supply chain risk and opportunity assessment

In 2018 Melbourne Water completed a preliminary supply chain risk assessment in collaboration with nine participating Victorian water corporations. Engaged through our industry peak body VicWater, our global subject matter experts Action Sustainability Asia Pacific, who facilitated the review, confirmed that we were the first Australian Utility sector to do so.

To ensure congruence with existing management systems, the heat map tool was developed to align with a typical risk assessment framework in the Victorian Water Industry. Additionally, the tool searched for alignment with *AS ISO20400: 2018 - Sustainable Procurement - Guidance* and especially its guidelines around how to use the concept of due diligence as a primary vehicle to assessing and prioritising risks to people, as per the United Nations Guiding Principles on Business and Human Rights, whilst considering leverage and other business considerations to further prioritise areas of focus. To ensure use of the heat map tool captured comprehensive stakeholder input, detailed guidance was developed regarding how the tool works and this was provided to the Group to encourage contribution.

A pre-assessment of the 41 products and services was undertaken by the third-party specialist that supported the design of the heat map tool. Following this pre-assessment, 55 individuals from across ten different Victorian water corporations participated in six workshops - one for each portfolio - to finalise the assessment. This collaborative process involved representatives from functions such as procurement, sustainability, risk and operations, and resulted in heat maps of sustainability issues, including human rights, alongside risk scorings and commentary.

By using the heat map tool to assess these portfolios for sustainability risks and opportunities, the SPWG sought to understand where 'hotspots' (greater likelihood of sustainability issues) sat within their supply chains. Whilst the SPWG undertook the assessment of these six portfolios collectively, the tool itself was designed to be reused by individual water corporations as required.

The heat maps, risk scores and commentary produced by the completion of a supply chain risk assessment identified human rights risks, including modern slavery risks, across all six portfolios of typical water corporation procurement spend. The categories of spend within each of these portfolios that presented human rights risks are outlined below:

- Asset Maintenance portfolio: Ongoing operations and maintenance of facilities (including cleaning), grass cutting, herbicide application/edge treatment
- Construction portfolio: Construction labour (minor and major projects) and offshore engineering services
- Corporate portfolio: Temporary staff, labour hire and traineeship programs, security
- Customer portfolio: Debt collection services, customer research services
- Equipment and Material portfolio: Mechanical and electrical equipment, chemical products
- Information Technology Consulting portfolio: Offshore IT Services.

Of these categories, offshore engineering and cleaning services presented high human rights risk, including modern slavery, and were prioritised for the development of a mitigation strategy. As we assessed threats and opportunities, it was identified that there were opportunities for diversity and inclusion in various products and services relating to treatment operations and to generate sustainable work experience for disadvantaged communities.

4. ACTIONS TO ASSESS AND ADDRESS

Our approach and contribution to the Sustainable Development Goals (SDGs)

Melbourne Water's approach to assessing and addressing the risk of modern slavery is framed by our commitment to the UN Global Compact (UNGC), the world's largest sustainability initiative. This means we support the SDGs that are part of the initiative, which aim to mobilise efforts to end all forms of poverty, fight inequalities and tackle climate change, while ensuring that no one is left behind. The SDGs are a common set of 17 goals that guide us in working towards a sustainable future for the communities we serve. Melbourne Water contributes to each of these 17 goals in some aspect and they are embedded into our long-term direction setting. They play a critical role in delivering sustainable outcomes through our core services to benefit our communities and helping to build a more sustainable Melbourne region.

The water industry is in a strong position to advance the SDGs, not only through the vital role of clean water and sanitation in creating and delivering sustainable communities, but more broadly through its crucial role in planning for a more liveable region for future generations. Melbourne Water has a demonstrated history of designing and implementing sustainable water.

Vic Water Social Procurement Working Group (SPWG)

Setting the SPWG vision and approach

The ambition behind the creation of the SPWG in 2016 was for Victorian water corporations to take an industry-leading position in managing sustainability issues and opportunities, namely environmental, social and economic issues and opportunities within their supply chains. Modern slavery risk sits firmly amongst the social sustainability issues the SPWG sought to understand and manage effectively. With sustainability issues recognised as particularly important, and common across Victorian water corporations, a collaborative approach to their management was adopted.

As members of the peak body VicWater, Victorian water corporations leveraged this platform with the objective of building shared understanding of sustainability issues, opportunities and practices to address the issues that were fit for purpose across their diverse contexts (from metro to regional) and consistency in their application across the industry. The introductions of the *MSA* and the *Victorian Social Procurement Framework* confirmed the appropriateness of this approach to expedite and inform effective actions.

Governing the SPWG

The SPWG was developed with the objective of achieving social outcomes through collaboration and collective purchasing power. Chaired since inception by Melbourne Water, the SPWG is comprised of representatives from various Victorian water corporations, with these representatives responsible for sharing information, driving efficiencies, promoting consistency in policy and processes and supporting strategic approaches in supply chain analysis. Through the SPWG, VicWater members have been able to jointly fund third party experts to support this program, now in its third phase, forging a positive relationship with our specialist service provider.

4. ACTIONS TO ASSESS AND ADDRESS



Developing a Supplier Code of Practice

In 2017 a Supplier Code of Practice (SCoP) was developed by the SPWG. The SCoP reflects a commitment to working with suppliers to educate, identify and mitigate negative impacts, enhance positive social and environmental impacts of water corporations' activities. It contains a consolidated set of minimum and aspirational expectations and standards for suppliers regarding their workforce and well-being, alongside environment, business integrity, family violence, gender diversity, reconciliation, disability support and supply chain.

The SCoP is an important tool in creating clear alignment and shared understanding between water corporations and members of their supply chains. We have asked new strategic suppliers to self-assess as part of the tender process and we work with existing key suppliers to monitor their progress.

Melbourne Water has developed a brochure explaining the SCoP that is available on our external website in order to share with suppliers the importance and rationale behind the SCoP. The content of the SCoP is aligned with our commitment to the UNGC and SDG's, allowing us to implement those commitments through our procurement practices. Moving forward Melbourne Water will participate in a review of the Victorian Government's Supplier Code of Conduct.

Review of contract templates

The starting point in establishing controls to manage risk has been to update our contract templates to include modern slavery terms and to include due diligence questions in our tender documentation.

Completing the supply chain risk and opportunity assessment

A pre-assessment of the 41 products and services was undertaken by the third-party specialist that supported the design of the heat map tool. Following this pre-assessment, 55 individuals from across ten different Victorian water corporations participated in six workshops - one for each portfolio - to finalise the assessment. This collaborative process involved representatives from functions such as procurement, sustainability, risk and operations, and resulted in heat maps of sustainability issues, including human rights, alongside risk scorings and commentary.

4. ACTIONS TO ASSESS AND ADDRESS

Modern slavery capability building: Awareness

Participating in capability building program

In order to effectively address modern slavery risks, it is of critical importance to build the modern slavery capability of the individuals involved in making procurement decisions and managing relationships with suppliers. It was recognised that an understanding of the *MSA* and its intent would be beneficial, so the SPWG co-prepared and facilitated (with our third party specialist) a one-hour webinar to provide fundamental awareness of human rights, modern slavery, the *MSA*, business drivers to manage modern slavery risks and typical practices in relevant industries.

Following this webinar, a full day interactive action planning workshop was co-prepared to support Victorian water corporations to develop a draft action plan responding to the intent of the *MSA*. Including key members from Melbourne Water, 28 individuals from 13 Victorian water corporations attended this action planning workshop and took away a draft modern slavery action plan and associated tools for application within their own organisations.

Human rights category strategies

Participating in category strategy workshops

Following the sustainability risk assessment of the typical categories of procurement spend, two target categories were prioritised to develop a human rights risk management strategy: cleaning services and offshore engineering services. A third category, water treatment services, was also targeted for the development of a strategy to capture an opportunity to increase inclusion and diversity. A dedicated workshop was co-facilitated with a third party specialist for each category.

The workshops involved an analysis of each category, in line with ISO 20400 - human rights risks, supply market dynamics, internal stakeholder issues, and cost implications - as well as the drafting of a fit-for-purpose strategy to collectively address human rights issues with these industries.

The decision was then made to pilot the draft collaborative strategy on cleaning services as a priority, given this is a common procurement spend across all VicWater members.

External stakeholder engagement

Presenting at events and forums

The activities, insights and progress of the SPWG have been shared at various events and forums to encourage other organisations and industry associations to engage in similar programs of work. Melbourne Water has presented on the topic of Modern Slavery for the last two years at OzWater, the largest international water conference and trade exhibition in Australia. Leveraging Melbourne Water's membership of the United Nations Global Compact Network Australia, we have

been an active participant in their Modern Slavery Community of Practice. Along with like-minded corporations we have shared best practices and approaches.

This type of engagement of external stakeholders is important for enabling mutual sharing of experience and addressing systemic modern slavery issues across industry.

5. ASSESSMENT OF EFFECTIVENESS



Community of practice

Creating a community of practice

In 2016 Victorian water corporations, through their membership of Victorian Water Industry Association (**VicWater**), came together to create the SPWG effectively as a community of practice. This has enabled increased transparency and knowledge-sharing between Victorian water corporations. By collectively identifying and addressing common sustainability issues, including human rights, and working together to capture opportunities, the SPWG is more rapidly able to determine which actions are consistently effective in achieving their desired outcomes, and share the lessons they have learned.

By bringing the Victorian water corporations together, this introduces a level of accountability to each other to contribute to the progress of initiatives, which sets the Group up for a culture of continuous reflection and improvement. The SPWG has worked together since its inception to develop and implement a collaborative, ongoing program of work with

the ambition to take an industry-leading position in how it responsibly manages its operations and supply chains. As part of its role, the SPWG has and will assess the effectiveness of actions it has implemented to manage modern slavery risk.

Melbourne Water established its own internal working group, sponsored by our General Counsel & Company Secretary, following a Board awareness presentation in December 2019. A cross section of Risk, Contract and Project Managers, Diversity and Inclusion and Procurement professionals brings a broad range of perspective and expertise to the group. The modern slavery training presentation on Modern Slavery presented at Board level has been cascaded to the working group and the procurement team so that over 30 individuals have raised awareness and understanding. In addition, the presentation is shared to all staff on procurement's internal intranet site.

Continuous improvement

Seeking third party specialist advice

The SPWG has fostered a culture of continuous improvement by inviting third party specialists to support in the development of their work program, develop risk assessment tools, co-design and facilitate category strategy development workshops, and co-design and facilitate modern slavery capability building

workshops. By seeking external guidance and insight, the SPWG is challenged and aided to understand where they have been effective in collectively addressing modern slavery in their industry's supply chains, and to identify opportunities to improve their approach.

Ongoing review of effectiveness of controls

Melbourne Water recognises that the risks of human rights are complex and continually changing. Therefore, we plan to conduct an annual review to develop an assurance program to monitor our progress and assessment of effectiveness of actions.

Whilst Melbourne Water has not identified any specific instances of modern slavery harm in our supply chain, should issues be identified, our approach will be to work collaboratively with our suppliers and mitigate exposure.

6. OTHER INFORMATION



The Year Ahead

Planning for 2021

The SPWG has continued their engagement with third party specialists to progress their modern slavery risk management agenda. This involves the development and piloting of a Procurement Toolkit which will contain resources and materials that are adaptable to each water corporation's context to support them to;

- identify labour rights risk, including modern slavery;
- - engage with suppliers to understand their residual labour rights risk; and
- - manage that supplier relationship to ensure that labour rights are respected.

The Procurement Toolkit development and piloting is scheduled to take place between November 2020 and May 2021, with the pilot applied to different services, including cleaning services.

Melbourne Water will be piloting the toolkit for a high spend/ complexity construction project. This will allow a hands on approach and learning opportunity for the key business unit that delivers major projects and for the members of the SPWG.

We are planning to include the topic of Modern Slavery in our industry briefings to start the awareness for small to medium businesses that may not have the level of understanding of some of our larger key suppliers with whom we are already starting conversations on this important topic.

A national industry forum focused on the topic of supplier evaluation and engagement is planned to take place in early 2021 to which water corporations and industry associations across Australia will be invited. This online forum will allow Melbourne Water to take a leadership role across the water sector to promote awareness and prompt further initiatives and collaborations.

The Melbourne Water working group will collaborate in the coming year to review and establish, where necessary, processes and procedures to embed our approach to potential violations of human rights within our existing risk framework. We will be focussing on the important issues of training and awareness and of monitoring compliance. We know we have more work to do and that this is not a standalone project, but a program of work over a long period of time.

6. OTHER INFORMATION

Impact of COVID

Melbourne Water recognises the impact of COVID-19 on the operations of our suppliers and we have taken a number of steps to support our suppliers and the community.

Early supplier payment in line with Victorian Government requirements

Melbourne Water adopted the Victorian Government's Fair Payment Policy implemented from 1 January 2021, which is a commitment to pay all small business supplier invoices within 10 business days, and is applied to all new contracts under \$3 million. We recognise that suppliers consistently report cash-flow as the most important issue facing small businesses. This reform provided certainty as businesses began to recover from the effects of the pandemic. This is one of the fastest government payments timeline in Australia – and will continue beyond the coronavirus pandemic.

Working with key suppliers to support appropriate use and access to PPE

Melbourne Water's Major Program Delivery Team worked closely with service providers during the COVID-19 pandemic to ensure support and appropriate safety measures were in place during the lockdown encountered in Metropolitan Victoria. This included payments for additional site sheds to ensure strict adherence to social distancing parameters, and the provision of additional cleaning, as well as additional PPE, including masks and hand sanitisers.



Retaining cleaning staff levels at 990 during COVID recognising the vulnerability of these workers

- During the second COVID-19 wave our Docklands office completely closed other than for a few essential employees. We maintained cleaners for the entire duration of the lockdown to protect their employment.
- Melbourne Water signed up to the Working for Victoria Initiative which saw over 100 Victorians who were cohorts impacted by COVID, working for our business.

For more information and useful reference material refer below:

- The *Commonwealth Modern Slavery Act 2018* (Cth) publication, Guidance for Reporting Entities, which is available [here](#).
- The suite of resources, including guidance materials, infographics, toolkits, model contract clauses and supplier questionnaires published by the Commonwealth Government, which is available [here](#).
- The Commonwealth Government, Department of Home Affairs, Criminal Justice landing page which is available [here](#).