

Alfred Health Modern Slavery Act Statement

This is Alfred Health's third Modern Slavery Act Statement made pursuant to the Commonwealth *Modern Slavery Act 2018* (the Act) and relates to the financial year 1 July 2021 to 30 June 2022.

Reporting Criterion 1 and 2: Alfred Health's structure, operations and supply chains

Alfred Health is a health service established under section 181 of the *Health Services Act 1988 (Vic)* and one of Victoria's largest healthcare providers, delivering services across three main campuses including The Alfred, Caulfield and Sandringham hospitals.

Alfred Health has a diverse workforce of over 11,000 people with 54% from Oceania, 17% from Asia, 6% from Europe and the remaining 2% from Africa, North America and South America.

Alfred Health is the main provider of health services to people living in the inner south-eastern suburbs of Melbourne and a major provider of specialist state-wide services to the people of Victoria. These are provided across the continuum of care from ambulatory, to inpatient, home and community-based services. It is a leader in health care delivery, improvement, research and education and strives to achieve the best possible health outcomes for its patients and the community by integrating clinical practice with research and education.

Alfred Health procures goods and services either directly from suppliers or through mandated collective agreements established by HealthShare Victoria (HSV), an independent public sector and commercially-oriented provider of supply chain, procurement and corporate services who partners with Victoria's public health services and suppliers to deliver best-value health-related goods and services.

Major categories of goods and services procured direct by Alfred Health include:

- Outsourced non-clinical support services (patient meals, cleaning, security, ward support)
- Telecommunications, ITS hardware, software and services
- Professional services
- Furniture, fittings and equipment
- Facilities maintenance
- Specialised clinical products
- Construction works and services¹

HSV partners with Victoria's public health services to understand requirements, facilitate large-scale collective tenders and manage common-use contracts on behalf of the state. Alfred Health is mandated to purchase goods and services it needs from the suppliers who are party to HSV collective agreements and as such, recognises the significant role HSV has in health service supply chains. HSV works with approximately 488 suppliers with \$1.3 billion in total value under contract, covering a broad range of services, equipment and supplies across a number of categories. These include ventilators, infusion pumps, beds, mattresses, patient trolleys, treatment chairs, hypodermic needles and syringes, gloves, pharmaceutical products, intravenous (IV) fluids, agency labour, catering and office supplies, laundry and linen services, and non-emergency patient transport.

At the start of the COVID-19 pandemic the Victorian Government centralised the ordering (through HSV), warehousing and distribution through the State Supply Chain (SSC) of all tier 1 personal protective equipment (PPE) and other items to ensure essential supplies were reaching areas with the greatest clinical need. Tier 1 PPE supplied through the SSC includes N95 respirators, surgical masks, visors, hand hygiene, eye protection, isolation gowns, examination gloves, aprons and face

¹ Alfred Health undertakes all construction related works and services procurement in accordance with the Ministerial Directions and Instructions for Public Construction Procurement in Victoria (1 July 2018) issued under the *Project Development and Construction Management Act 1994* (Ministerial Directions). Suppliers are selected from a Construction Supplier Register (CSR) which is an open pre-qualification scheme managed by the Department of Treasury and Finance (DTF) for suppliers of construction works and services interested in Victorian Government construction projects.

shields. Other categories also supplied through the SSC are swabs, disinfectant wipes, caps/bouffants and overshoe covers.

Reporting Criterion 3: Risks of modern slavery practices in the operations and supply chains of Alfred Health

Alfred Health has not caused or contributed to modern slavery practices, but rather is linked to risks which exist offshore and in high-risk geographies.

Growing evidence demonstrates high occurrences of modern slavery in the sourcing of raw materials and production of health care goods, including: gloves, surgical instruments, patient clothing, uniforms and footwear for health care professionals; sheets, towels, and other textiles, and electronic health care equipment. Health services use these goods on a daily basis to ensure the overall health and well-being of Australians. Australia is reliant on these imports from global supply chains for the supply of these essential products to health services.

Sourcing of raw materials and production of these health care goods often involves hazardous working conditions, labour exploitation, child labour and other abuses, particularly at lower tiers of a supply chain and in countries with less human rights regulation. There is a high risk that Australian businesses are exposed to modern slavery risks and that Australian goods and services are tainted by modern slavery. This risk may be heightened for large companies and other entities with extensive and complex global supply chains.

Modern Slavery supplier risk assessment

Alfred Health works closely with HSV as they continue to assess and address additional risks within healthcare supply chains caused by the COVID-19 pandemic. In addition, Alfred Health has worked with HSV to complete supplier risk categorisations for HSV collective purchasing agreements. HSV data and analytics identified 159 suppliers from supplier spend data for the period FY2021 (July-December) for Alfred Health.

The supplier risk categorisations reflect the outcome of combined macro and micro components with assigned weightings. The macro assessment considered whether there is a high prevalence of modern slavery in a particular sector or industry, or associated with a particular good or service, or in the location that the product or service is sourced or produced. The macro assessment also considered whether the nature of the supply chain model carried a greater risk of modern slavery. This type of assessment provides a general understanding of the scope of modern slavery risk that suppliers may carry.

The micro assessment facilitated a detailed analysis of risk mitigation strategies suppliers already had in place or intended to implement across four categories: governance and policy settings, due diligence systems and processes, remedial processes, and training.

This means, for example, that suppliers with a 'very high' risk categorisation may not have provided training on their modern slavery policy to suppliers, and/or had limited supply chain visibility, and/or did not intend to implement prequalification processes. In contrast, suppliers with a 'low' risk categorisation had such measures in place.

The general health sector understanding is that the highest risk is in the procurement of medical goods, surgical equipment and medical supplies (raw materials and manufacturing), e.g.

- Gloves manufacturing usually occurs in Malaysia, Thailand, and Sri Lanka where forced labour is high risk
- Manufacturing of surgical equipment such as scissors, scalpels and forceps mostly occurs in Pakistan where child labour is prevalent
- Manufacturing of garments such as linens, gowns and patient clothing mostly occurs in India and Pakistan where forced and child labour is high risk
- Low value healthcare consumables manufacturing mostly occurs in high risk areas

Reporting Criterion 4: Actions taken by Alfred Health to assess and address these risks, including due diligence, remediation processes and contracts

Alfred Health has been significantly impacted by the COVID-19 pandemic for a period of 30 months to the end of the reporting period, which has resulted in reduced capacity to fully undertake all necessary action to assess and address modern slavery risks within its operations and supply chains. During this period, Alfred Health continued working under HSV's leadership and guidance to reduce risk in its supply chains, in line with HSV's advisory and consultancy function under the Health Services Act.

HealthShare Victoria position

HSV upholds the Australian Government's position on modern slavery – there is no place for modern slavery in the Australian community or in the global supply chains of Australian goods and services. HSV is committed to:

- Supporting health services assess their operations and supply chains for modern slavery risks
- Implementing and enforcing effective systems and controls to reduce risk of modern slavery
- Ensuring there is transparency in its operations and approach to addressing modern slavery
- Fostering open and transparent supplier relationships which encourage modern slavery reporting and meaningful change through remediation
- Applying a continuous improvement approach to how it supports health services to report on the risk of modern slavery practices within their operations and supply chains

Previous reporting periods

The focus of Alfred Health's second reporting period under the Modern Slavery Act 2018 (Cth) (MSA) was to undertake supplier risk assessments within HSV Collective Purchasing Agreements. HSV conducted this on Alfred Health's behalf, preparing a report to assist Alfred Health prepare its second Modern Slavery Statement.

In the third reporting period, Alfred Health worked collaboratively with HSV to identify mitigation efforts to combat modern slavery risks, and foster collaboration between Alfred Health and suppliers to seek to address these risks.

Alfred Health intended dedicating the necessary resources to ensure significant progress was made towards meeting all requirements of the Modern Slavery Act for this reporting period. This included engaging a specialist Modern Slavery advisor for the purpose of:

- Undertaking a gap analysis of Alfred Health's current documentation and internal practice and aligning that to comply with the requirements of the Act
- Providing recommendations on amendments to existing procurement policy and related documentation
- Developing a suitable training program to assist Alfred Health staff meet the continuous improvement expectations required under the Modern Slavery Act

Due to the ongoing COVID-19 pandemic during this reporting period, Alfred Health's ability to focus on its Modern Slavery framework was severely curtailed, and as a consequence very little progress was made.

A dedicated manager has now been engaged who is responsible, as part of his duties, for the integration of Modern Slavery requirements into Alfred Health's processes and business practice, and significant progress on implementation is expected during 2022-23.

Actions to be taken by Alfred Health in 2022-23

Alfred Health will:

- Implement actions from the gap analysis of current documentation and internal practice completed by Alfred Health internal auditors and ensure alignment with the requirements of the MSA

- In conjunction with HSV, develop and release a training program to assist Alfred Health staff to understand and comply with the expectations of the MSA
- Identify Alfred Health's non-HSV suppliers and work with HSV to commence addressing modern slavery risks for these suppliers, ensuring a sector-wide approach to eliminate duplication
- Develop a Supplier Code of Conduct that all Alfred Health suppliers will be required to sign on to; this may be completed in conjunction with HSV to ensure a consistent sector-wide approach and eliminate duplication
- Communicate our organisation's expectations to Alfred Health's suppliers by ensuring our contract and Invitation to Supply templates include MSA compliance
- Determine and agree required approach to issuing annual supplier questionnaires to analyse suppliers' MSA compliance; again this may be completed in conjunction with HSV to ensure consistency across the sector

Training

HSV continues to conduct facilitated learning programs for the Victorian Health sector. These workshops are attended by the Alfred Health Manager responsible for MSA implementation. An online training programme will be developed in conjunction with HSV during FY 2022-23.

Reporting Criteria 5: How Alfred Health assesses the effectiveness of actions taken to assess and address modern slavery risks

Throughout FY 2021/22, COVID-19 continued to have an impact on Alfred Health's ability to implement mechanisms to assess the effectiveness of actions taken to address our modern slavery risks. Alfred Health did engage its internal audit function to conduct a current state assessment of its policies and processes to support compliance with the MSA.

The outcome of this assessment confirmed that our progress in relation to suppliers that are part of collective agreements with HSV has been significant, but effort needs to be made to ensure non-HSV contracted suppliers are also assessed. This requirement forms a significant part of Alfred Health's action plan, in relation to MSA for FY 2022-23.

A roadmap has also been developed to prioritise actions across the short, medium and long term. Alfred Health will work with HSV to develop and implement processes to audit and review supplier operations to assess compliance with the MSA on an ongoing basis.

Progress on the roadmap will be reviewed by Executive Management on a regular basis and consideration will be given to biannual external audit of the organisation's compliance status in relation to MSA.

Reporting Criterion 6: Alfred Health's consultation process with related entities it owns or controls

Alfred Health has no entities it owns or controls.

Reporting Criterion 7: Other relevant information

COVID-19 Code Brown declaration

In January 2022 the Victorian Government declared a Code Brown emergency across its public health services in response to the rising numbers of people being hospitalised with COVID-19.

In the face of significant workforce shortages, this declaration enabled the health sector to redeploy staff to work in areas of the highest clinical priority and included the redeployment of administrative staff.

A further impact of the declaration meant that there was significant delay in completing planned actions for MSA compliance.

Future activity

Improvement initiatives that Alfred Health was unable to implement in FY 2021-22 will be prioritised for completion in FY 2022-23 including:

- Expanding our staff's knowledge base and awareness through continued learning and education programs
- Formulate and implement a modern slavery policy and communicate to suppliers
- Train all stakeholders on the application of the policy
- Complete the update of all go to market documentation and supply agreements with appropriate modern slavery clauses for future engagements
- Undertaking risk assessments of Alfred Health specific suppliers that are not subject to HSV state-wide collective agreements
- Developing indicators (both quantitative and qualitative) to assess the effectiveness of our actions

Alfred Health is strongly committed to advancing human rights and has embedded the *Charter of Human Rights and Responsibilities Act 2006 (Vic)* into its values and policy which include, for example:

- Gender equality
- Rights of indigenous peoples
- Rights of LGBTI persons
- Freedom of religion and belief
- Good governance
- People with disability

Closing statement

Combating modern slavery is consistent with the core values on which Alfred Health strives to live up to each day. Alfred Health acknowledges that combatting modern slavery requires a continuous improvement approach and is committed to improving current identification, assessment and reporting strategies over time, working collaboratively with HealthShare Victoria, key stakeholders and our local community.

This statement was approved by the Board of Alfred Health on 7 December 2022

Signed:

Name: Michael Gorton

Position: Board Chair

7/12/2022