

Modern Slavery Statement: Financial Year 2020-2021

Introduction

This Modern Slavery Statement is made pursuant to the *Modern Slavery Act 2018* (Cth) (the Act) by The Royal Children's Hospital (RCH) and relates to our second reporting period 1 July 2020 – 30 June 2021.

Mandatory Criterion One & Two: Identify the reporting entity and describe its structure, operations and supply chains.

RCH is a health service established under section 181 of the *Health Services Act 1988* (Vic). RCH is the major specialist paediatric hospital in Victoria with care extending to children from Tasmania, southern New South Wales and other states around Australia and overseas. RCH provides a full range of clinical services, tertiary care and health promotion and prevention programs for children and young people.

HealthShare Victoria (HSV) works in partnership with public health services to facilitate large-scale collective tenders and manage common-use contracts on behalf of the state. The majority of the goods and services that RCH purchase come from suppliers who are party to HSV collective agreements. HSV data and analytics from supplier spend data for the period FY2021 (July-December) identified 151 suppliers as utilised by RCH.

The majority of RCH's expenditure relates to its workforce, the residual RCH supply chain tends to be focused on local services, and niche products. Of the 30 suppliers RCH spends over \$1M with annually, 15 are party to HSV collective agreements, 5 are Victorian Government entities or Campus Partners and the remaining 10 are scheduled for risk assessments in our third reporting period.

Mandatory Criterion Three: Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities the reporting entity owns or controls.

RCH recognises that the nature of global supply chains may expose the organisation to modern slavery risks. Given HSV's significant role in RCH's supply chains, HSV as the sector lead has conducted risk assessments of RCH suppliers. Analysis of the HSV risk assessment report and other international and domestic reports yield the following observations:

- The major risk of domestic modern slavery is in low value, basic services, that are currently either provided in house (such as cleaning and food services) or have been outsourced to Spotless (who are RCH's building management partner under a PPP arrangement). Spotless employ their own direct labour (e.g. Security Guards), and as an entity are also required to be compliant with the Act.
- Medical equipment and consumables continue to make up RCH's most significant expenditure (after salaries), and these purchases are predominantly with large reputable multinational suppliers that have also implemented the requirements of the Act. The majority of these suppliers fall under an HSV contract.
- The greatest risk area for Modern Slavery in RCH's supply chain is in the extraction of raw materials and manufacture of components that go into the products we buy. There are multi-tiered complex global supply chains and it is difficult to gain visibility several layers down into the mainly overseas sub-contractors that our suppliers use.

- The following are the types of goods where the risk is thought to be highest: gloves; surgical instruments; patient clothing; staff uniforms and footwear; sheets, towels, and other textiles; and electronic health care equipment. Daily, health services use these goods 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. Most of these suppliers fall under HSV collective agreements and have been assessed, reported upon and are being managed by HSV at a state level to minimise these risks.
- The critical need for Personal Protective Equipment (PPE) throughout the COVID-19 pandemic required the healthcare sector to diversify suppliers to secure appropriate resources, and this may have increased modern slavery risks as surety of supply was the driving factor for decision making. The Victorian state has managed these sourcing requirements centrally.
- The pandemic has also created product shortages and logistics pressures across the board, which requires substitute products to be sourced often at short notice. The direct risk is still thought to be low with these products, but it is higher than with the long established suppliers (where there is greater confidence they are managing modern slavery risks within their own supply chains). RCH and HSV continue to monitor, assess and manage these challenges through open communication with stakeholders.

Mandatory Criterion Four: Describe the actions taken by the reporting entity and any entities that the reporting entity owns or controls to assess and address these risks, including due diligence and remediation processes.

Actions undertaken by RCH during the second reporting period under the *Modern Slavery Act 2018* (Cth) include the development and approval of a Modern Slavery Policy position, supplier questionnaires and code of conduct agreements, and new clauses for inclusion in tenders and contracts.

HSV conducted risk assessments of suppliers utilised by RCH within HSV Collective Purchasing Agreements, the findings of which are reported below.

The HSV Procurement Policy¹ outlines HSV's commitment to assist mandated health services by assessing and addressing modern slavery risk in health service supply chains within Collective Purchasing Agreements, with a view to assisting mandated health services with meeting their Reporting Requirement under the Act.

To this end HSV contacted its suppliers to seek information to understand:

- the industry they operate in.
- the nature of their supply chains and the controls they have in place to manage them.
- the level of maturity they have in relation to having introduced a Modern Slavery Framework into their operations.

The exercise identified that there were a number of suppliers that were low on the maturity scale and had not implemented parts of the framework like a Modern Slavery Policy or a Whistleblowing Policy. In some cases this was because they were below the dollar threshold for having to comply with the Act, (though HSV are still keen to encourage them to adopt the framework).

There appears to be an opportunity for most suppliers to improve their controls with regard to Modern Slavery. HSV will work closely with these suppliers to help them develop their own frameworks and controls in the coming year and it is anticipated that the risk ratings will reduce over time as recognition of the issue and risk grows and mitigation strategies are developed. It should also be recognised that this is a journey that the health sector and its suppliers are on, and that the aim of the exercise is to improve understanding of the issue in our collective supply chain and to progressively enhance the controls that are in place.

¹ HSV Procurement Policy, POL400 (October 2020) p. 4. See also, HSV Modern Slavery Toolkit (2020), p. 6.

Next Steps

RCH is currently developing educational material for staff, including a modern slavery fact sheet, modern slavery risk assessment tools and reporting mechanisms.

Mandatory Criterion Five: Describe how the reporting entity assesses the effectiveness of actions being taken to assess and address modern slavery risks.

RCH continues to engage with HSV to understand the effectiveness of the assessments they have conducted, while also directly liaising with suppliers to strengthen the assessments, controls and reporting of modern slavery risks.

RCH market approach documentation include assessable modern slavery risk components, including evaluated criteria, supplier conduct code agreements and key performance indicators. RCH contracts include modern slavery risk clauses and RCH representatives attend monthly training sessions conducted by HSV on the requirements of the Act and emerging guidance and best practice standards.

Mandatory Criterion Six: Describe the process of consultation with any entities the reporting entity owns or controls.

Consultation with RCH Foundation in relation to its supplier base is ongoing and while the risk is considered low, the sharing of information and resources will continue.

Mandatory Criterion Seven: Any other relevant information.

Nil

Closing Statement

RCH is committed to continually improving our approach through the exploration of initiatives and new opportunities to raise awareness and measure effectiveness of our strategies. RCH's Modern Slavery Framework recognises continuous improvement as foundational to a robust and consistent focus on the eradication of modern slavery.

This statement was approved by the Board of The Royal Children's Hospital on 13 December 2021.



Hon Rob Knowles AO
Board Chair