

# Modern Slavery Statement 2020-21

This is Central Highlands Water (CHW) first Modern Slavery Statement in accordance with the Modern Slavery Act 2018 (Cth).

CHW is one of 13 regional urban water corporations formed under the *Water Act 1989*. CHW is fully owned by the Victorian Government and reports to the Minister for Water. With its administrative center in Ballarat,

CHW provides water supply and sewerage services through 67,022 water supply connections and 57,448 wastewater service connections to 141,530 people.

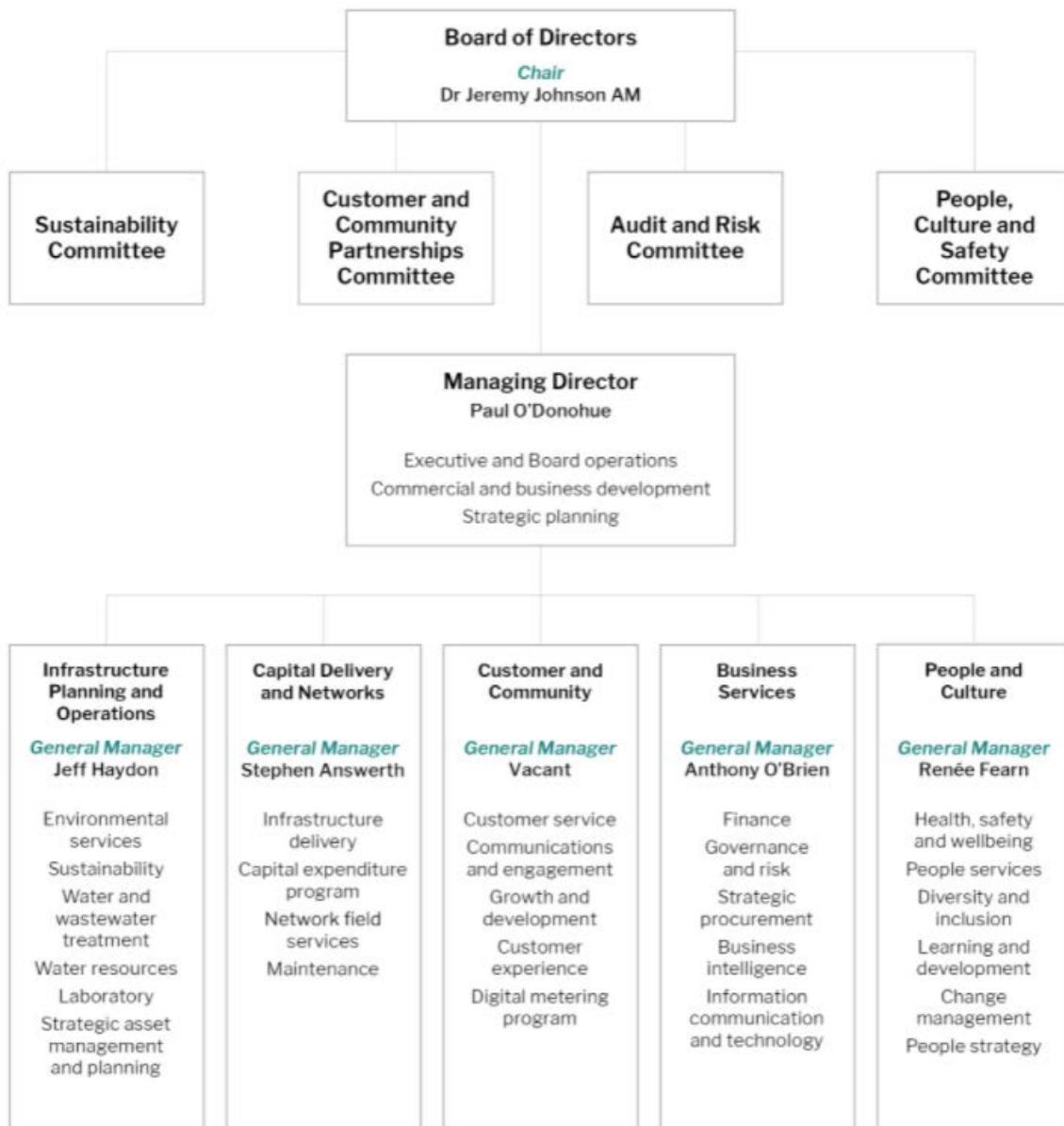
Our area of operations takes in 9,275 square kilometers. Straddling the western fringes of the Great Dividing Range, our service area incorporates the local government areas of Ballarat City Council, Central Goldfields Shire Council, Golden Plains Shire, Hepburn Shire Council, Pyrenees Shire Council, Northern Grampians Shire Council and Moorabool Shire Council (refer attachment A).

## Our Operations and Supply Chain






CHW current strategic priorities are represented by the following strategic framework.

Progress against each strategic pillar is regularly reviewed by each relevant Board sub-committee. Central Highlands Water supports the progression of the UN's Sustainable Development Goals, which is a national commitment by the Australian Federal Government.

Operational structure



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OUR VISION	<b>OUR WATER, OUR CUSTOMERS, HEALTHY LIVING</b>			
OUR MISSION	Together, we provide quality water and wastewater services, safely, efficiently and sustainably to communities in the Central Highlands region.			
OUR VALUES	Integrity	Teamwork	Leadership	Care
STRATEGIC PILLARS	 <p><b>SUSTAINABLE ENVIRONMENT AND WATER RESOURCES</b> We will ensure our community has sufficient water resources to live and invest with confidence while improving environmental outcomes.</p>	 <p><b>CUSTOMER AND COMMUNITY</b> We will engage and act on the voice of our customers to deliver exceptional experiences.</p>	 <p><b>AGILE BUSINESS MODEL</b> We will continually evolve our business model to provide the most efficient and effective 24/7 service.</p>	 <p><b>SAFETY AND OUR PEOPLE</b> We will continue to develop a collaborative, safe and fair workplace team capable of meeting all future challenges.</p>
BOARD SUB-COMMITTEES	Sustainability Committee	Customer & Community Committee	Audit & Risk Committee	People, Culture & Safety Committee
<b>KEY COMMITMENTS</b>				
STATEMENT OF OBLIGATIONS	<ul style="list-style-type: none"> <li>• Planning</li> <li>• Water Services</li> <li>• Emission reduction</li> </ul>	<ul style="list-style-type: none"> <li>• Customer and community engagement</li> </ul>	<ul style="list-style-type: none"> <li>• Price submission</li> <li>• Governance</li> <li>• Compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Risk management</li> </ul>
WATER FOR VICTORIA	<ul style="list-style-type: none"> <li>• Climate change</li> <li>• Resilient and liveable cities and towns</li> </ul>	<ul style="list-style-type: none"> <li>• Customer and community</li> <li>• Aboriginal values</li> <li>• Recreational values</li> </ul>	<ul style="list-style-type: none"> <li>• Financial sustainability</li> </ul>	<ul style="list-style-type: none"> <li>• Leadership and culture</li> <li>• Health and safety</li> </ul>
CUSTOMER OUTCOMES	<ul style="list-style-type: none"> <li>• Reliable and sustainable water and sewer systems</li> </ul>	<ul style="list-style-type: none"> <li>• Better customer experience</li> <li>• Safe clean drinking water that tastes great</li> <li>• More efficient water use</li> </ul>	<ul style="list-style-type: none"> <li>• Increased value for money</li> </ul>	<ul style="list-style-type: none"> <li>• Safety</li> </ul>
STRATEGIC RISKS (THREATS)	<ul style="list-style-type: none"> <li>• Drinking water quality</li> <li>• Climate change</li> <li>• Infrastructure sustainability</li> <li>• Environmental impacts</li> </ul>	<ul style="list-style-type: none"> <li>• Customer needs</li> </ul>	<ul style="list-style-type: none"> <li>• Financial sustainability</li> <li>• Cyber and security threat</li> <li>• Governance and compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Health and safety</li> </ul>
STRATEGIC RISKS (OPPORTUNITIES)	<ul style="list-style-type: none"> <li>• Environmental regeneration</li> </ul>	<ul style="list-style-type: none"> <li>• Business transformation</li> <li>• Partnerships and stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>• Dynamic business model</li> </ul>	<ul style="list-style-type: none"> <li>• People and culture</li> </ul>
<b>SUPPORTING</b>				
THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS				
January 2019				

# Modern Slavery Statement 2020-21

CHW's is committed to the procurement of goods and services that achieve sustainable value for money, whilst enabling and facilitating the delivery of services to our customers that demonstrates transparent and accountable expenditure of public funds.

CHW seeks to achieve this commitment by complying with the following principles:

- provision of a safe workplace;
- sustainable business practices;
- value for money;
- open and fair competition;
- accountability and responsibility;
- risk management; and
- probity and transparency.

Our key operations and supply chains are:

Operations	Supply Chains	
Asset Maintenance	<ul style="list-style-type: none"> <li>• Water treatment services</li> <li>• Waterways</li> <li>• Operations &amp; maintenance of assets</li> </ul>	<ul style="list-style-type: none"> <li>• Operation &amp; maintenance of facilities</li> <li>• Land care services &amp; conservation management</li> </ul>
Construction	<ul style="list-style-type: none"> <li>• Engineering, Constructions &amp; Major Projects</li> </ul>	<ul style="list-style-type: none"> <li>• Engineering consulting / technical services</li> </ul>
Corporate	<ul style="list-style-type: none"> <li>• Purchase &amp; lease of properties</li> <li>• Electricity, gas, utilities</li> <li>• Commercial travel</li> <li>• Freight, couriers &amp; mail</li> <li>• Temporary labour hire</li> <li>• Professional services</li> <li>• Marketing &amp; advertising</li> </ul>	<ul style="list-style-type: none"> <li>• Staff training services</li> <li>• Fleet purchase, maintenance &amp; operation</li> <li>• Stationery &amp; office equipment</li> <li>• Security services</li> <li>• Research</li> <li>• Insurance services</li> </ul>
Customer	<ul style="list-style-type: none"> <li>• Call centre services</li> <li>• Customer research services</li> </ul>	<ul style="list-style-type: none"> <li>• Debt collection services</li> <li>• Printing of bills &amp; notices</li> </ul>
Equipment & Materials	<ul style="list-style-type: none"> <li>• Supply &amp; Storage of chemicals</li> <li>• Hire of construction equipment</li> </ul>	<ul style="list-style-type: none"> <li>• Service &amp; maintenance of equipment</li> <li>• Consumable supplies</li> </ul>
Information Technology	<ul style="list-style-type: none"> <li>• Supply of IT hardware</li> <li>• Telecommunication expenses</li> </ul>	<ul style="list-style-type: none"> <li>• IT Software &amp; licensing</li> <li>• IT Services</li> </ul>

## Risk of Modern Slavery Practices

CHW is a foundation member of the Social Procurement Working Group (SPWG) which was developed with the objective of achieving social outcomes through collaboration and collective purchasing power. The SPWG comprises of representatives from various Victorian Water Corporations, with these representatives responsible for sharing information, promoting consistency in policy and processes, and supporting strategic approaches in supply chain analysis.

The ambition behind the creation of the SPWG 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 Statement 2020-21

Modern slavery risk sits firmly among 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 VicWater, Victorian Water Corporations leveraged this platform with the objective of building shared understanding of sustainability issues and opportunities, 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 Modern Slavery Act 2018 (Cth) and the Victorian Social Procurement Framework confirmed the appropriateness of this approach to expedite and inform effective actions.

The SPWG established and published Terms of Reference on the VicWater website to ensure consistency in understanding, and set a strong foundation for the development and progression of their program of work.

Through the SPWG, VicWater members have been able to jointly fund third party support to support this program with specialist guidance and advice.

## Understanding outcomes of the risk assessment

The SPWG Group engaged a third-party specialist Action Sustainability (now incorporated into KPMG Banarra) to design a supply chain risk assessment tool - a heat map tool.

It was designed with the purpose of assessing the categories of procurement spend of Victorian water corporations for sustainability risks and opportunities, including human rights. 41 categories of product and services covering a typical procurement spend of water corporations were assessed and structured into six portfolios: Asset Maintenance, Construction, Information Technology Consulting (ITC), Equipment and Material, Corporate, and Customer.

The risk scores and commentary produced by the completion of this 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:** Construction labour (minor and major projects) and offshore engineering services
- **Corporate:** Temporary staff, labour hire and traineeship programs, security
- **Customer:** Debt collection services, customer research services
- **Equipment and Materials:** Mechanical and electrical equipment, chemical products
- **Information Technology:** 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

Additionally, given this was not just a sustainability risk but also an opportunity assessment, an opportunity to address diversity and inclusion in water treatment services was also prioritised for strategy development.

## Our actions

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.

# Modern Slavery Statement 2020-21

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.

- 19 participants from 11 water corporations participated in the cleaning services workshop
- 24 individuals from 12 water corporations participated in the offshore engineering services workshop.

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, unlike offshore engineering services.

## Looking Forward

The Social Procurement Working Group (SPWG) will continue 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 has been developed, with the pilot applied with different services, including cleaning services. An industry forum focused on the topic of supplier evaluation and engagement is planned to take place in late 2021 to which water corporations and/or industry associations across Australia will be invited.

## Approval

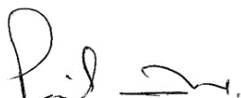
Resolved on 24<sup>th</sup> August, 2021

By Consensus

**That the Board:**

- 1. approves/endorses the attached Modern Slavery Statement for FY 2020-21**

**Carried**



Paul O'Donohue  
Managing Director  
Central Highlands Water  
Date: 24/8/21

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## Attachment A CENTRAL HIGHLANDS WATER SERVICE AREA

