



Australian Government

# COMMONWEALTH MODERN SLAVERY STATEMENT 2019–20



© Commonwealth of Australia 2020

With the exception of the Coat of Arms and where otherwise stated, all material presented in this publication is provided under a Creative Commons Attribution 4.0 International licence at [www.creativecommons.org/licenses](http://www.creativecommons.org/licenses)

This means this license only applies to material as set out in this document.



The details of the relevant license conditions are available on the Creative Commons website as is the full legal code for the CC BY 4.0 license at [www.creativecommons.org/licenses](http://www.creativecommons.org/licenses)

#### **Use of the Coat of Arms**

The terms under which the Coat of Arms can be used are detailed on the Department of the Prime Minister and Cabinet website: [www.dpmc.gov.au/government/commonwealth-coat-arms](http://www.dpmc.gov.au/government/commonwealth-coat-arms)



**COMMONWEALTH  
MODERN SLAVERY  
STATEMENT  
2019–20**

# PRIME MINISTER'S FOREWORD

---



Modern slavery is an old problem in a new world. But while the world is new, the problem retains all of its iniquity, cruelty and injustice.

It is a stain that creeps, silently, across the globe.

Vulnerable populations and marginalised social groups are the most grievously impacted by modern slavery. It is a sad fact that these groups are silenced. When the downtrodden cannot speak, we are obliged to give them a voice.

I am proud, therefore, to release this first Commonwealth Government Modern Slavery Statement. It is a milestone in Australia's response to modern slavery. With this statement, we confirm the Australian Government's role as a global leader in combating modern slavery in global supply chains.

More people live in conditions of slavery today than ever before. Over 25 million people are estimated to be exploited in global supply chains. It's a blight on the way business should be done.

No country is immune. Governments must 'race to the top' by setting standards of accountability, and abiding by them diligently.

No industry is untouched. Businesses cannot exploit individuals for profit. Reducing the risk that goods and services are the product of modern slavery is the cost of doing business.

The Australian Government is committed to ensuring our procurements and purchases promote supply chains that protect the rights of workers from the first to the last. These steps will combat this heinous crime and send a clear message that modern slavery is unacceptable.

We will also build on our response over the coming years and work with business, civil society, and international partners to combat modern slavery in global supply chains.

In working to eliminate slavery, without delay or equivocation, we make a solemn promise to uphold the dignity of every individual. This statement delivers our progress to date and our determination to carry on the fight to eradicate modern slavery from our world.

A handwritten signature in black ink, which appears to be 'Scott Morrison'. The signature is fluid and cursive.

**The Hon Scott Morrison MP**  
Prime Minister of Australia  
December 2020

# ASSISTANT MINISTER FOR CUSTOMS, COMMUNITY SAFETY AND MULTICULTURAL AFFAIRS' FOREWORD

---



As the Minister responsible for leading Australia's response to modern slavery, I am pleased to drive implementation of Australia's landmark *Modern Slavery Act 2018* (the Act). With the introduction of the legislation, the Australian Government cemented its place as a global leader in the fight against modern slavery. It is the first and only legislation of its kind in the world to require a government to report on modern slavery risks across its procurement and investment activities. I am proud to present this first Commonwealth Modern Slavery Statement.

Each year the Australian Government procures tens of billions of dollars of goods and services. The value of this procurement provides us with significant leverage to drive positive change in supply chains. The Act aims to ensure that the Australian Government leads by example in taking action to drive this change and address modern slavery risks in its global operations and supply chains.

The Government's first Commonwealth Modern Slavery Statement explains the concrete steps the Government is taking to assess and address modern slavery risks in our procurement and investment activities and use our leverage to drive meaningful change in global supply chains. It reflects the Government's early progress in establishing a robust approach to identifying and addressing modern slavery in our own operations and supply chains. The Government's release of the Statement delivers on the commitment to act and sets a strong foundation for future action. By setting out the Government's planned actions to improve its response, we are working to create a level playing field for businesses supplying to the Government, especially those already taking steps to address their own modern slavery risks.

The Australian Border Force (ABF) led development of this Statement, in close consultation with government agencies, and is driving effective implementation of the Act more broadly. However, this work is just one piece of the puzzle. The Act complements a broader whole-of-community response to these crimes. Following the end of the Government's *National Action Plan to Combat Human Trafficking and Slavery 2015–19* (NAP), the ABF led an extensive consultation process to develop the next NAP for 2020–25 for release in December 2020. The new NAP lays out the strategic framework for the whole-of-community approach to tackling modern slavery and human trafficking crimes in Australia across a wide range of areas of work including victim support, investigation, prosecution, and supply chain transparency. This significant program of work signals the Government's steadfast commitment to combating modern slavery in the years to come.

It is my honour to submit this first Commonwealth Statement on behalf of the Commonwealth Government of Australia under section 15 of the *Modern Slavery Act 2018*, for the 2019–20 reporting period.

A handwritten signature in black ink that reads "Jason Wood". The signature is written in a cursive, flowing style.

**The Hon Jason Wood MP**

Assistant Minister for Customs, Community Safety and Multicultural Affairs  
December 2020



# TABLE OF CONTENTS

---

EXECUTIVE SUMMARY	6
SECTION ONE: COVERED ENTITIES	8
SECTION TWO: STRUCTURE, OPERATIONS AND SUPPLY CHAINS	9
SECTION THREE: RISKS	14
SECTION FOUR: ACTIONS	25
SECTION FIVE: EFFECTIVENESS	33
SECTION SIX: CONSULTATION	37
SECTION SEVEN: RELATED ACTIVITIES	38
ACRONYMS AND ABBREVIATIONS	40
APPENDIX A: LIST OF NON-CORPORATE COMMONWEALTH ENTITIES	41

# EXECUTIVE SUMMARY

---

Modern slavery describes situations where coercion, threats or deception are used to exploit victims and deprive them of their freedom. Modern slavery is a grave violation of human rights and, in Australia, is criminalised through various offences of human trafficking, slavery and slavery-like practices under the *Criminal Code Act 1995*.

In this, the inaugural Commonwealth Statement, published pursuant to the *Modern Slavery Act 2018*, the Australian Government is reporting on its activities to identify, assess and address modern slavery risks in federal government operations and supply chains in the 2019–20 Australian financial year. The Statement covers the operations and supply chains of all non-corporate Commonwealth entities (NCCEs) within the meaning of the *Public Governance, Performance and Accountability Act 2013*. In 2018–19, the Government entered into 78,150 contracts, with a total value of \$64.5 billion.<sup>1</sup>

In developing the Commonwealth Statement, the Government has adopted a targeted, risk-based approach in identifying and assessing modern slavery risks. This approach is consistent with the United Nations Guiding Principles on Business and Human Rights (UNGPs) and further reflects the Government's commitment to promoting respect for human rights in its business and commercial transactions through implementation of the UNGPs. This approach has informed the Government's focus, for this reporting period, on four key modern slavery risk areas: textiles, construction, cleaning and security services, and investments.

The Government acknowledges that the steps it has taken in this inaugural reporting period represent the first steps in addressing modern slavery in government operations and procurement. The Government is at a very early stage in its response to these issues and recognises that an ongoing commitment to addressing these risks is needed to tackle the complex and pervasive risks and impacts of modern slavery in global supply chains.

The Australian Border Force (ABF), in leading the development of the Commonwealth Statement, consulted closely with NCCEs. The ABF also collaborated widely with business, academia and civil society on the approaches taken to addressing modern slavery risks.

Leveraging the expertise within these consulted groups, the Government has developed a suite of resources to assist Commonwealth procurement officers identify and respond to modern slavery risks in current and future procurements, as well as influence change in the private sector:

- The Risk Screening Tool will assist the Government to identify and understand the risks associated with both new procurements as well as in existing contractual arrangements;
- The Supplier Questionnaire will assist the Government to assess, mitigate and address modern slavery risks in its supply chains, by facilitating assessment of Commonwealth suppliers' policies and practices throughout their supply chains and operations; and
- A suite of Modern Slavery Model Contract Clauses for inclusion in government procurement contracts greater than \$200,000, to leverage the Government's unique position to influence the conduct of suppliers and market practices to drive positive change.

The Coronavirus pandemic (COVID-19) has increased the vulnerability of workers in global supply chains to modern slavery risks. Disruptions caused by COVID-19 have also limited the capacity of entities, including the Government, to assess and address modern slavery risks and to engage in activities such as face-to-face engagement, training and monitoring, including audit activities. To increase awareness of these challenges and inform targeted, risk-aware responses from the private sector, the Government issued information about the impacts of COVID-19 on vulnerable workers and guidance on steps to protect and support vulnerable workers in their operations and supply chains from the impacts of COVID-19.

---

<sup>1</sup> At the date of publication, the Department of Finance had not released the 2019–20 AusTender data on government procurement activities. For the purposes of illustration, 2018–19 AusTender data is referenced throughout the Statement; this data will be updated in early 2021 upon release of the 2019–20 figures and a revised Statement will be published.



## KEY ACHIEVEMENTS OF THE AUSTRALIAN GOVERNMENT – 2019–20 FINANCIAL YEAR



Developing a suite of model modern slavery contract clauses to manage modern slavery risks in government contracts.



Developing a modern slavery response framework to guide the Australian Government's efforts to remediate modern slavery cases in government procurement.



Developing a modern slavery supplier questionnaire to facilitate consistent and targeted engagement with government suppliers.



Developing a modern slavery training module to build the capacity of government officials to respond to modern slavery risks.



Developing tender guidance and a risk screening tool to support procurement officers to assess modern slavery risks in new and existing procurements.



Publishing information about the impacts of COVID-19 on vulnerable workers and guidance on how to ensure workers are not exposed to modern slavery as a result of the pandemic.



Establishing the whole-of-government Interdepartmental Committee to develop and oversee the Government's response to modern slavery.



Establishing thematic working groups on textiles and construction to develop and implement targeted responses to modern slavery risks and share expertise across government.



# SECTION ONE: COVERED ENTITIES

*Section 16(1)(a) of the Modern Slavery Act 2018 requires modern slavery statements to identify the reporting entity or entities covered by the statement. This section of the Commonwealth Statement addresses this criteria by providing an overview of which government bodies are covered by the Statement.*

---

## Commonwealth Statement coverage

In accordance with section 15 of the *Modern Slavery Act 2018* (the Act), this statement covers all non-corporate Commonwealth entities (NCCEs). NCCEs are legally and financially part of the Australian Government and include, for example, departments of state, parliamentary departments and specified listed entities. The Commonwealth Statement is provided on behalf of all NCCEs, on a whole-of-government basis. For the 2019–20 reporting period there were 98 NCCEs covered by this Statement (Appendix A).

The Commonwealth Statement also covers the Future Fund Management Agency, which supports the Future Fund Board of Guardians with the investment of several Commonwealth Government funds, including the Future Fund. The Future Fund is an independently managed sovereign wealth fund established to strengthen the Government's long-term financial position.

The Commonwealth Statement does not cover government companies such as NBN Co Ltd, or the Australian Rail Track Corporation, or corporate Commonwealth entities (CCEs) such as the Australian Broadcasting Corporation or the Australian National University. CCEs are generally established through legislation and therefore are not part of the Australian Public Service (APS) and do not employ staff under the *Public Service Act* (PS Act). These entities will be required to submit their own modern slavery statements if they meet the \$100 million in annual consolidated revenue threshold specified by the Act.



## SECTION TWO: STRUCTURE, OPERATIONS AND SUPPLY CHAINS

Section 16(1)(b) of the Modern Slavery Act 2018 requires modern slavery statements to describe the structure, operations and supply chains of the reporting entity. This section outlines the Australian Government's structure, operations and supply chains, including the general focus of the Government's procurement and investment activities.

### KEY STATISTICS ON AUSTRALIAN GOVERNMENT PROCUREMENT<sup>2</sup>



**98**  
non-corporate Commonwealth entities covered



**\$64.5 billion**  
total value of Australian Government contracts



**78,150**  
Australian Government contracts



**150,474**  
Australian public servants employed in Australia and overseas<sup>3</sup>



**60%**  
of contracts for services, with a value of \$38,959 million



**40%**  
of contracts were for goods, with a value of \$29,496 million



**4.3%**  
of suppliers from overseas, to a value of \$5,429 million



**525**  
AusTender categories

*Note: The data represented here is taken from AusTender, based on NCCEs reporting under the Commonwealth Procurement Rules (CPRs). Additional information on the CPRs at Section 4.*

<sup>2</sup> At the date of publication, the Department of Finance had not released the 2019–20 AusTender data on government procurement activities. For the purposes of illustration, 2018–19 AusTender data is referenced throughout the Statement; this data will be updated in early 2021 upon release of the 2019–20 figures and a revised Statement will be published.

<sup>3</sup> This count includes all staff employed under the authority of the *Public Service Act 1999* (Cth) (PS Act).

## Australian Government's structure

This Commonwealth Statement is primarily concerned with the operations and supply chains in respect of the procurement activities of the executive, the administrative arm of the Australian Government, which is comprised of entities that employ staff under the PS Act.

These entities are part of a large and complex organisation with a clearly defined structure, comprising of 14 government departments which are supported by a range of other government agencies and bodies. These entities undertake a wide variety of functions that can be vastly different from one agency to another. There are four 'functional clusters' that represent the range of primary functions undertaken by these agencies:

- **policy** – organisations involved in the development of public policy,
- **operational** – organisations involved in the implementation of public policy – these can be small or large,
- **regulatory** – organisations involved in regulation and inspection, and
- **specialist** – organisations that provide specialist support to government.

The NCCEs covered by this Statement carry out each of these functions. References to the Australian Government throughout this Statement are references to the executive as it operates in respect of the covered NCCEs.

## Australian Government's operations

The Government's primary role is to implement, uphold and comply with the laws established by the Australian Parliament, make important national decisions, develop policy, and introduce bills (proposed laws). NCCEs implement and operationalise these laws through a range of policy development, program implementation and enforcement functions.

The Government undertakes a wide variety of activities to deliver these functions, including:

- employment of approximately 150,000 APS staff, including Defence Force personnel<sup>4</sup>,
- delivery of social services to Australian citizens,
- operation of an overseas diplomatic network to support the representation of Australian interests,
- maintenance and construction of infrastructure, both onshore and offshore, and
- development and provision of military capabilities to secure Australia.

These activities are undertaken in every Australian state and territory, as well as around the globe through 120 overseas posts in 84 countries.

These activities require the Government to undertake a range of procurement activities to support their delivery.

## Australian Government supply chains

The Government is the largest procurer in the Australian market and procures a vast array of goods and services every year in carrying out its functions. In the 2018–19 Australian financial year the Government entered into 78,150 contracts, with a total value of \$64.5 billion.<sup>5</sup>

These goods and services were procured from Australia and various overseas markets and include, for example, military and law enforcement uniforms, information and communications technology (ICT) hardware and software, military equipment, vehicles, materials for construction, as well as facilities and property management services. Each of these goods and services involve varying types and degrees of modern slavery risks.

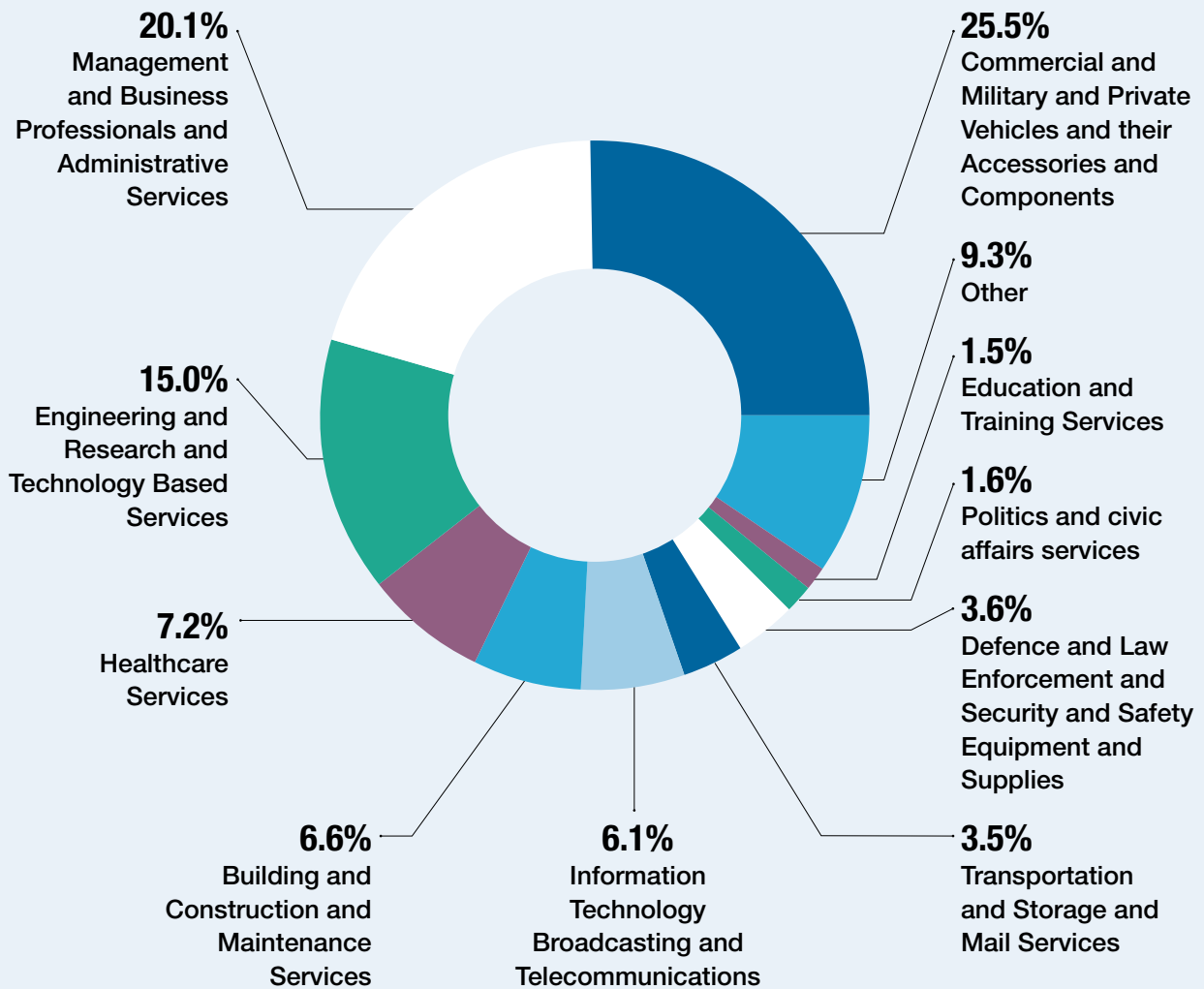
The following graphics provide some further statistics on the Government's procurement contracts over 2018–19.<sup>6</sup>

4 This figure relates to the number of APS employees engaged under section 22 of the PS Act. Some NCCCE employees, for example those employed by the Australian Securities and Investments Commission, are not covered by the PS Act so are not included in this figure.

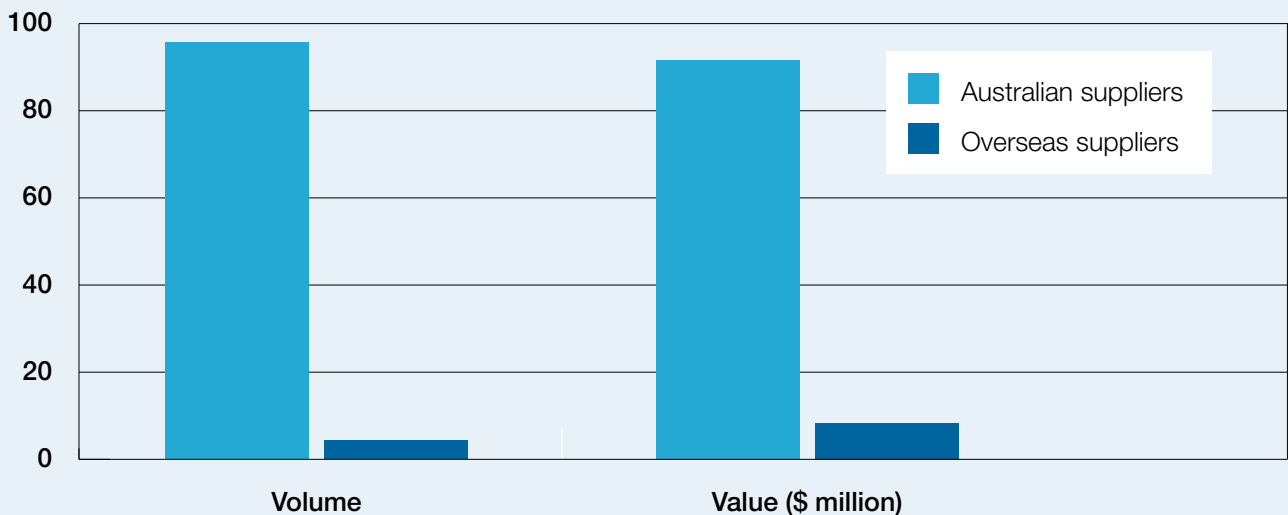
5 At the date of publication, the Department of Finance had not released the 2019–20 AusTender data on government procurement activities. For the purposes of illustration, 2018–19 AusTender data is referenced throughout the Statement; this data will be updated in early 2021 upon release of the 2019–20 figures and a revised Statement will be published.

6 The data captured in these graphics presents aggregated information that has been extracted from AusTender on 26 November 2020. At the date of publication, the Department of Finance had not released the 2019–20 AusTender data on government procurement activities. For the purposes of illustration, 2018–19 AusTender data is referenced throughout the Statement; this data will be updated in early 2021 upon release of the 2019–20 figures and a revised Statement will be published. The data reflects contractual information reported by entities during the relevant financial year in accordance with entities' procurement publishing obligations. Contract data can be amended, varied and updated by entities over time.

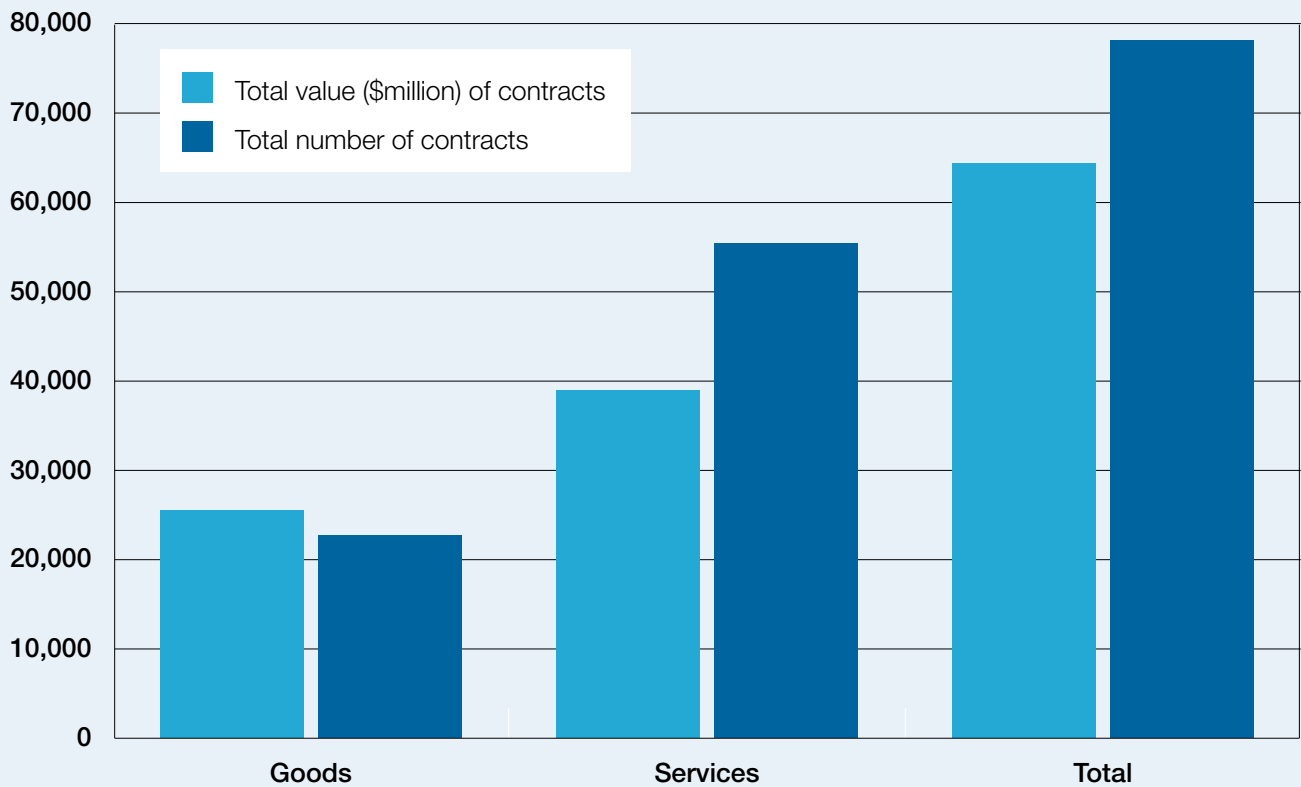
## TOP 10 CATEGORIES FOR AUSTRALIAN GOVERNMENT GOODS AND SERVICES PROCUREMENT



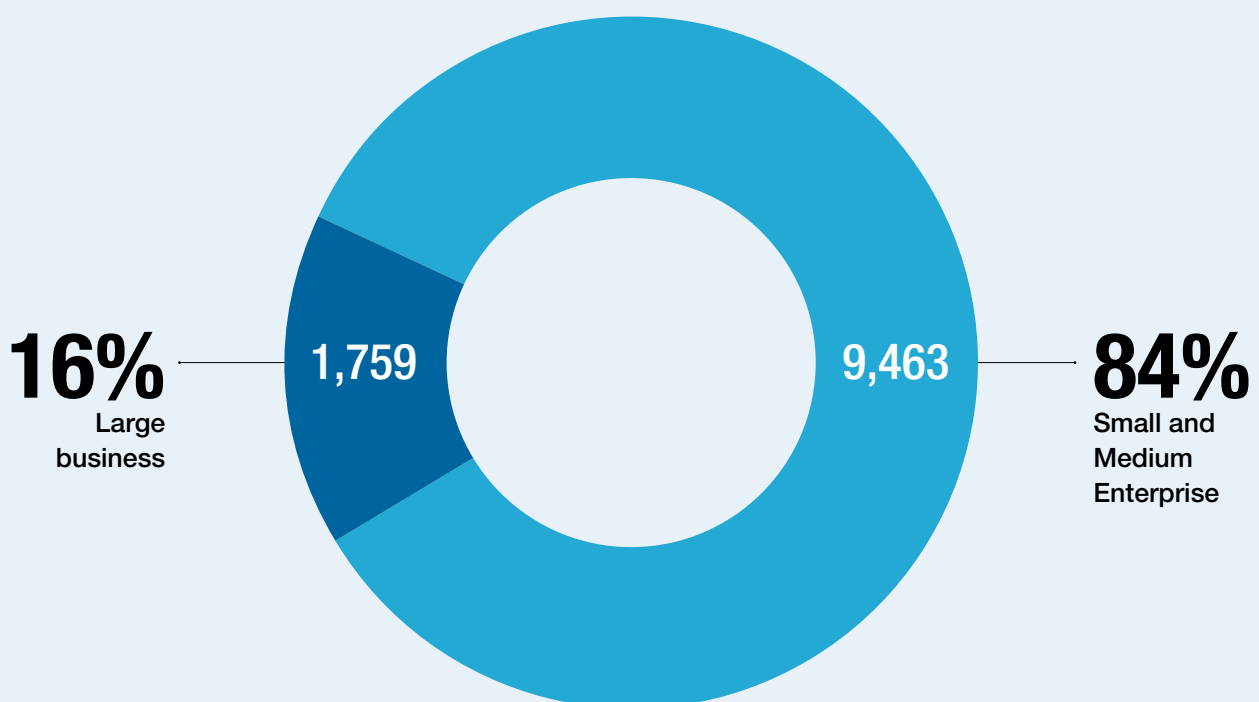
## LOCATION OF AUSTRALIAN GOVERNMENT TIER ONE SUPPLIERS



## AUSTRALIAN GOVERNMENT GOODS VS SERVICES CONTRACTS



## SMALL AND MEDIUM ENTERPRISE PARTICIPATION



## THE COMMONWEALTH PROCUREMENT RULES

The Commonwealth Procurement Rules (CPRs) are issued under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). They are the keystone of the Australian Government's procurement policy framework and govern the way in which non-Corporate Commonwealth Entities (NCCEs) undertake their own procurement processes. The CPRs are supported by a range of tools including the AusTender website ([www.tenders.gov.au](http://www.tenders.gov.au)), guidance material and templates to ensure accountability and transparency, and reduce the costs and complexity of conducting business with the Government.

NCCEs undertake their own procurement to purchase goods and services according to their needs and operations. This means that NCCEs may have their own procurement policies and procedures which guide their agency's procurement process. While these may differ from agency to agency, all NCCEs must comply with the CPRs.

Through the CPRs, the Government requires the proper use and management of public resources. Proper means efficient, effective, economical and ethical. For NCCEs, this includes being consistent with the policies of the Commonwealth. In this way, human rights considerations and ethical purchasing practices are integrated into all government procurements and contracts. All government suppliers must comply with all applicable human rights and employment laws in the jurisdictions in which they operate, including laws relating to workplace standards.

NCCEs must not seek to benefit from supplier practices that may be dishonest, unethical or unsafe. Officials must also make reasonable enquiries that the procurement is carried out considering relevant regulations and/or regulatory frameworks, including but not limited to tenderers' practices regarding: labour regulations, including ethical employment practices; workplace health and safety; and environmental impacts.

The nature and extent of government procurement means that its supply chains are extensive and varied. Every NCCE carries out and manages its own procurements, with the exception of some whole-of-government coordinated procurement arrangements (see page 20). Although some NCCEs have centralised procurement teams that manage all procurement activities for that NCCE, others operate a decentralised procurement model with specialist subject matter procurement teams. This means that processes, relationships and timeframes involved in procurements also vary considerably between NCCEs with limited formal avenues for coordination or collaboration. This distinguishes the Government's procurement from many large businesses where centralised procurement teams are used to manage purchases and supplier relationships across all elements of the business.



## SECTION THREE: RISKS

*Section 16(1)(c) of the Modern Slavery Act 2018 requires modern slavery statements to describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls. This section describes the four risk areas for modern slavery in the Australian Government's supply chains, operations and investment activity that were prioritised for action during 2019–20.*

### What is modern slavery?

In Australia, modern slavery refers to a range of serious exploitative practices, including trafficking in persons, slavery and slavery-like practices. The Act defines 'modern slavery' as including eight types of serious exploitation: trafficking in persons, slavery, servitude, forced marriage, forced labour, debt bondage, the worst forms of child labour, and deceptive recruiting for labour or services. While each of these practices are distinct, they all involve the manipulation of complex relationships between an offender and a victim, and undermine a victim's personal freedom and ability to make choices for themselves.

### What can modern slavery look like in the workplace?

Serious exploitation amounting to modern slavery can occur in a workplace. The boxes below illustrate what modern slavery might look like in the workplace.

#### MODERN SLAVERY:

- Worker cannot refuse or cease work because of coercion, threats or deception.
- Worker may also be deprived of personal freedom.

#### DANGEROUS OR SUBSTANDARD WORKING CONDITIONS:

- Worker is not paid fairly and does not receive some or all entitlements.
- Worker may be required to work excessive hours.
- Workplace is unsafe.
- Worker is denied the right to freely form or join trade unions, in line with domestic law.

#### DECENT WORK:

- Workers' rights respected.
- Worker free to refuse or cease work.
- Worker paid fairly (at least the minimum wage).
- Workplace is safe.

### Indicators of modern slavery risks

Public sector procurement in Australia includes goods and services from a range of sectors considered to be at the highest risk of modern slavery, including construction and cleaning services. Public sector procurement can also include products that involve high modern slavery risks, such as textiles. In some cases, modern slavery risks may arise due to the geographic region where those goods were produced. There are also a range of procurement-specific factors that can increase modern slavery risks which may be present in public sector procurements.

The Government is committed to ensuring that individuals undertaking government procurement activities understand modern slavery and are equipped to assess modern slavery risks in the procurements they undertake, so as to be able to address those risks.



## FACTORS THAT INCREASE MODERN SLAVERY RISKS

Beyond geographical, industry and product risks, the factors identified below may increase the risk of modern slavery by adding greater pressure on the people and businesses in those supply chains.<sup>7</sup>



Pressure to shorten delivery timeframes and reduce costs.



Global emergencies including natural disasters and pandemics.



Widespread sub-contracting, which can result in low visibility of supply chains.



Use of short-term contracts that limit ability to build relationships with suppliers.



Poor training for those that are managing and monitoring procurements.



Business activity occurring in emerging economies.

## EXAMPLE: Modern slavery risk screening tool

During the reporting period, the Australian Government developed a risk screening tool to assist procurement officers to undertake a general risk screening prior to commencing a new procurement, or when assessing the risks of existing contracts. Modern slavery risks can be identified by assessing sector, product, geographic, and entity-specific risk factors.

The aim of the tool is to equip government officials with a general understanding of the level of modern slavery risk associated with a particular procurement or contract, which can then inform next steps in managing or mitigating any likely risks.

The screening tool has been circulated to all members of the Interdepartmental Committee (IDC) for application to new procurements and existing contracts. The screening tool has also been made publicly available on the Modern Slavery Register. In future reporting periods, the Government will look to assess the use and uptake of the risk screening tool, including its effectiveness in identifying modern slavery risks in government procurement.

<sup>7</sup> Modern slavery is a complex issue and there are a wide range of factors than can increase modern slavery risks. See pages 80-82 of the *Commonwealth Modern Slavery Act: Guidance for Reporting Entities* for further information on these risk factors.

# 2019–20 FOCUS: KEY MODERN SLAVERY RISKS

---

In this inaugural modern slavery statement, the Government is taking a targeted, risk-based approach to assessing and addressing modern slavery risks in its supply chains and operations by focusing on four identified risk areas. This approach is consistent with the UNGPs which are the recognised global standard for preventing and addressing business-related human rights harm. In line with the UNGPs, the Government is focussing its actions to address modern slavery risks in the highest risk areas across the Government's operations and supply chains. In line with the UNGPs, modern slavery risk is assessed as the harm that would be caused to people, not the Government itself.

## Risks in Australian Government operations

As the central operational functions of the Government involve the deployment of human resources to matters of policy development and program administration, the Government assessed the risk of modern slavery in its operations as relatively low. This assessment was made on the basis that the legislative frameworks that regulate conditions of employment in the APS, including the PS Act and *Fair Work Act 2009*, as well as the various negotiated enterprise agreements, provide a robust set of safeguards against modern slavery occurring within the Government's operations covered by this Commonwealth Statement. For this reason, in this Commonwealth Statement the Government has focussed on the risk of modern slavery in its complex supply chains. Modern slavery risks in broader operations will continue to be considered in future reporting periods.

## Risks in Australian Government supply chains

In respect of supply chains risks, the Government undertook an initial risk scoping process in line with the *Commonwealth Modern Slavery Act: Guidance for Reporting Entities* to identify the areas for focus for the 2019–20 reporting period. This scoping process considered indicators such as geographic risks, product specific risks, organisation risks, and sector and industry risks. It also factored in gaps in the Government's supply chain visibility, the number and types of modern slavery cases in Australia, and the overall nature of the Government's supply chains.

The Government identified construction, textiles procurement, investments, and cleaning and security services as key risk areas during the reporting period. The Government considers that there is a higher risk that forms of modern slavery may occur in these areas, based on indicators in open source information and reports. The Government also considered the extent to which its procurement activities caused, contributed, or were directly linked to, modern slavery, as set out in the UNGPs.

The Government acknowledges that there are additional modern slavery risk areas across whole-of-government procurement and investments beyond the high risk areas identified in this Commonwealth Statement. Areas such as government ICT and electronics procurements, agriculture, and grants are other known areas of modern slavery risk across Commonwealth procurement and investments. Future Commonwealth Statements will consider these, and other risk areas, in addition to building on the Government's current response.

# INVESTMENTS

Identifying modern slavery risks in investment portfolios can be challenging, given the complexity, layered and global nature of investment portfolios. Key challenges relate to understanding the portfolio, including the type of investment structure utilised; the level of control and visibility the Board has over the underlying investments; and the changing composition of the portfolios. Investment portfolios may also be indirectly exposed to modern slavery risks through the actions of their investees. For example, an investor may fund an offshore infrastructure project built using forced labour.

**Modern slavery risks in investment portfolios can include, but are not limited to the factors highlighted below.<sup>8</sup>**



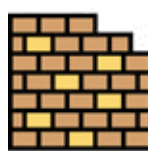
Investees' operations or supply chains may involve modern slavery, such as the operation of an overseas mine site which uses forced labour.



Asset managers may contract with service providers in high-risk industries, such as cleaners, that engage in modern slavery.



The construction of assets overseas, such as infrastructure, may involve workers subjected to modern slavery.



Infrastructure construction in Australia or overseas may involve raw materials produced using modern slavery, such as bricks.

## The Future Fund

The Future Fund Board of Guardians (Board), supported by the Future Fund Management Agency (Agency), independently manages the investment of six special purpose public asset funds on behalf of the Australian Government: the Future Fund, the Medical Research Future Fund, the Aboriginal and Torres Strait Islander Land and Sea Future Fund, the Future Drought Fund, the Emergency Response Fund and the DisabilityCare Australia Fund.

Collectively, the value of the six public asset funds managed by the Board total over \$205 billion and includes investments in all segments of the global economy. The Future Fund is the largest fund managed by the Board, established to strengthen the Government's long-term financial position. At 30 June 2020 the Future Fund was valued at \$161 billion.

Under the *Future Fund Act 2006*, the Board is required to invest through external investment managers. These external investment managers invest in a multitude of different entities across public and private markets on behalf of the Board. Each of these entities has its own set of operations and supply chains.

During the reporting period, a thematic risk assessment was undertaken across the first tier of the investment portfolio to identify potential exposures to geographies or sectors with elevated modern slavery risks. This risk assessment identified that some investments in emerging economies in Africa, Eastern Europe and Asia may have elevated modern slavery risks. It also identified that certain sectors may also have elevated modern slavery risks. These sectors include mining, agriculture, textiles and apparel, construction and engineering, industrial manufacturing, and ICT.

Over the next reporting period, the Government will engage with the Agency in relation to their work on potential risk areas.

**Below is an overview of the six public asset funds over the reporting period.**



In total, at 30 June 2020 the Board had \$205 billion in investments across all six public asset funds.



The Board invests both domestically and globally across public and private markets. A breakdown of investments by geography is available in the Future Fund's 2019–20 annual report.

<sup>8</sup> Australian Council of Superannuation Investors, 'Modern Slavery Risks, Rights & Responsibilities: A Guide for Companies and Investors', February 2019.

# TEXTILES

The Australian Government undertakes a range of textiles procurement covering categories such as clothing, fabrics and leather materials, textiles and fabric industries, fibres, threads and yarns. These procurements are used to supply clothing,<sup>9</sup> uniforms,<sup>10</sup> luggage and footwear, among other things, in support of the Government's operations and functions.

Globally, the textile industry is recognised as a high-risk sector for modern slavery. Global reports consistently highlight that workers in the textiles industry, including those harvesting and processing raw materials, are vulnerable to modern slavery.

This is due to factors such as: unreasonable work expectations; unsafe working conditions; fears around visa status; and limited language skills if in a foreign country. Walk Free Foundation's Global Slavery Index 2018 Report estimates that G20 countries import over \$127 billion worth of garments at risk of including modern slavery in their supply chains annually. Media and civil society reporting have publicised Australia's significant reliance on overseas textiles manufacturers, highlighting the risks of modern slavery in Australian supply chains.

Below is an overview of the Government's textiles procurement during the reporting period.



In 2018–19, the Government entered into contracts for textiles to a total value of \$56,624,196 million.<sup>11</sup>



The Department of Defence, the ABF and the Australian Federal Police (AFP) were the largest procurers of textiles in 2019–20.

Modern slavery risks in the Government's textiles procurement, include, but are not limited to the factors highlighted below.



Raw materials used in textiles may be harvested overseas using modern slavery.



Raw materials used in textiles may be refined overseas using modern slavery, such as the ginning of cotton.



Textiles may be manufactured overseas using modern slavery.



Migrant workers in Australia may not be fully aware of, or comfortable, claiming their legal rights and entitlements.



Limited visibility of textile supply chains due to widespread and sometimes unauthorised sub-contracting.



Increased demand on workers due to supply chain shortages, particularly during the COVID-19 pandemic.

<sup>9</sup> The category of 'clothing' is a catch-all category including boots, field garments and hats.

<sup>10</sup> The category of 'uniforms' includes official military dress, ceremonial wear and badges.

<sup>11</sup> At the date of publication, the Department of Finance had not released the 2019–20 AusTender data on government procurement activities. For the purposes of illustration, this figure represents 2018–19 AusTender data. The figure will be updated in early 2021 upon release of the 2019–20 figures and a revised Statement will be published.

Over the reporting period, risk factors in textile procurement identified by the Government included: subcontractors or alternative suppliers who were unable to ascertain the country of origin of 'buy in' stock; and subcontractors or alternative suppliers within the supply chain that were not signatory to an ethical trade service provider scheme.

The Government acknowledges that these are general risks faced by most, if not all, textiles procurers. Over the next reporting period, the Government will look to undertake risk assessments of the key risks specific to the Government's textiles procurement.

## TEXTILES SNAPSHOT: Uniform procurement

The ABF procures a range of textile products for ABF Officer uniforms, including general duties, specialist and ceremonial uniforms; marine boarding uniforms; marine load bearing vests; cold weather jackets; and knitwear.

In 2019–20 the ABF had contractual arrangements with six Australian suppliers for the provision of uniforms, with a combined total value of approximately \$4 million. The ABF understands that these suppliers undertake a number of manufacturing and sourcing operations offshore. For example, the ABF is aware that its suppliers source cotton, wool and blended fibres from Australia, China, Germany, India, Pakistan and Sri Lanka.

The ABF recognises the high risks of modern slavery that can be associated with the textile sector and has a history of requiring suppliers to adhere to high standards of ethical practices in uniform manufacturing operations. The ABF understands that all its uniform suppliers source their raw materials from ethically sustainable sources and socially compliant organisations and use certified and accredited factories that meet quality assurance accreditation on their employment practices, including in respect of child labour. Manufacturing factories are regularly audited using Sedex or similar services and meet all applicable Australian/New Zealander standards, US and European certification and legislative requirements.

In order to more deeply understand and address modern slavery risks throughout the supply chains of ongoing textiles procurement, the ABF is committed to employing the highest standards in modern slavery protections possible. The next reporting period will present a unique opportunity to implement this approach. Current contractual arrangements commenced in June 2018 under a panel arrangement established in 2011, with all contracts due to expire by 30 June 2021. In December 2019 the Department of Home Affairs announced that it would be pursuing a tender for a single service supplier to provide end-to-end uniform services for both the ABF and the AFP. This tender was published in November 2020 with contractual arrangements commencing mid-2021. The ABF will use this tender as an opportunity to secure the highest level of modern slavery commitments in the procurement. As this tender process will be undertaken in the reporting period 2020-21 it will be reported on in the next Commonwealth Statement.

## CLEANING AND SECURITY SERVICES

The Australian Government is a major procurer of cleaning and security services. NCCEs engage facilities management services, including cleaning and some security services under the whole-of-government Property Services Coordinated Procurement Arrangements (Arrangements). Under the Arrangements, Property Service Providers (PSPs) provide leasing and facilities management services to all NCCEs for domestic office accommodation and shop fronts.

Over the reporting period, the Government engaged three PSPs under the Arrangements, with the initial contract period ending on 30 June 2021. These PSPs are responsible for the procurement, management and monitoring of downstream contracts on behalf of NCCEs, including contracts for cleaning and some security services.

Cleaning services procured by PSPs include general, base building, periodical (such as annual carpet steam cleaning), and specialist cleaning services that require specialist knowledge and equipment such as deep cleaning of premises in certain circumstances, for example following a suspected case of COVID-19.

Security services include repairs and maintenance to security infrastructure and equipment. NCCEs may also elect to have the PSP procure and manage other security services as an additional service. These additional security services include general guarding, specialist guarding, such as security guards at shopfronts, alarm monitoring and maintenance of specialist security systems for entities with higher security requirements or have highly complex security infrastructure.

Below is an overview of the Government's cleaning and security services procurement during the reporting period.



The Australian Government entered into new contracts for cleaning services with a total value of \$2,801,790.<sup>12</sup>



The Australian Government entered into new contracts for security services with a total value of \$54,887,164.<sup>13</sup>

<sup>12</sup> This figure includes spending in addition to procurements carried out under the Arrangements. At the date of publication, the Department of Finance had not released the 2019–20 AusTender data on government procurement activities. For the purposes of illustration, this figure represents 2018–19 AusTender data. The figure will be updated in early 2021 upon release of the 2019–20 figures and a revised Statement will be published.

<sup>13</sup> At the date of publication, the Department of Finance had not released the 2019–20 AusTender data on government procurement activities. For the purposes of illustration, this figure represents 2018–19 AusTender data. The figure will be updated in early 2021 upon release of the 2019–20 figures and a revised Statement will be published.

**Modern slavery risks in the Government's cleaning and security services procurement include, but are not limited to the factors highlighted below:**



Workers in Australia or overseas may be paid incorrectly by contractors. In some circumstances, underpayment may lead to modern slavery.



Unauthorised cleaning or security subcontractors may exploit their workers through modern slavery.



Procurement of cleaning and security services for overseas leased and owned properties may involve contractors using exploited labour, including in conflict-affected zones and countries that have weak rule of law.



Workers, particularly migrant workers, may have been exploited through modern slavery because they may not be fully aware of, or comfortable, claiming their legal rights and entitlements.



Modern slavery may occur because PSPs do not implement adequate processes to ensure contractors and subcontractors adhere to relevant clauses under the Deed for the Arrangements.



Use of unskilled, contract labour and a focus on low cost service delivery.

The Government considers that many of these risks are mitigated by provisions in the Arrangements. For example, risks related to unauthorised subcontracting are likely to be lower for Government procured cleaning and security services due to the requirement for PSP personnel and subcontractors to either obtain an identity check, police check, security clearance, or other requirement where stipulated by an entity. This limits the scope or potential to use unauthorised subcontractors.

Under current Arrangements, PSPs must ensure downstream contracts comply with all relevant laws and labour standards including the *Fair Work Act 2009* and the *Criminal Code Act 1995*. There are also restrictions on downstream contracting to ensure that the rights of vulnerable workers are protected and that workers are managed appropriately. For example, PSPs are not able to engage tier two contractors unless they demonstrate that the subcontracting arrangement complies with the requirements of the Arrangements.

The Commonwealth further ensures that PSPs are meeting their obligations under the head contract by monitoring key performance metrics, conducting compliance audits, and undertaking formal performance assessment and management processes.

Furthermore, risks associated with underpayment are mitigated under the Arrangements as service delivery, such as cleaning, is paid on a direct pass through basis, with no margin permitted to be taken by the PSP. Instead, the PSPs are paid a fixed management fee meaning there is no financial incentive for PSPs to underpay cleaning contractors.

Over the next reporting period, the Government will look to undertake risk assessments of the key risks specific to the Government's cleaning and security services procurement, including in respect of arrangements made under tenancy agreements.

# CONSTRUCTION

The Australian Government undertakes a range of construction procurements for both onshore and offshore construction projects, including the construction of overseas diplomatic missions or residences and overseas defence facilities. These construction projects are often high profile and/or strategically significant.

The construction sector, and overseas construction activities in particular, poses a high risk of modern slavery. Its multi-tiered supply chains and high rates of subcontracting can result in little visibility and control over suppliers and subcontractors' recruitment and employment practices. Many materials used in construction can also involve significant modern slavery risks, including bricks, stone, concrete and recycled steel.

Outside Australia, a high proportion of labour for construction projects may come from low-skilled migrant workers vulnerable to exploitation. Relevant modern slavery risk indicators for labourers in construction include the use of unskilled, temporary labourers who do not appear to have freedom of movement; use of short-term labour contracts and labour subcontractors without adequate protection and remuneration; use of dangerous machinery and tools for long periods of time by labourers without basic protective equipment; and tight timeframes and penalties for delay that may require suppliers to undertake excessive working hours or rapidly increase the workforce.

The Government acknowledges that these are general risks that occur in many offshore construction projects. Over the next reporting period, the Government will look to undertake risk assessments of the key risks specific to the Government's construction procurement.

Below is an overview of the Government's construction procurement during the reporting period.



The Australian Government entered into contracts for construction projects to a total value of \$4.3 billion in 2018–19.<sup>14</sup>



The key countries where overseas construction projects were undertaken in 2019–20 were the United States, Iran, China, Morocco, Nigeria and countries in the Pacific.

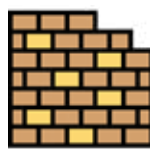
<sup>14</sup> At the date of publication, the Department of Finance had not released the 2019–20 AusTender data on government procurement activities. For the purposes of illustration, this figure represents 2018–19 AusTender data. The figure will be updated in early 2021 upon release of the 2019–20 figures and a revised Statement will be published.



## Modern slavery risks in the Government's construction, include, but are not limited to:



The construction of assets overseas, such as buildings and other infrastructure, may involve workers subjected to modern slavery (including day labourers and sub-contractors).



The construction of assets in Australia or overseas, such as infrastructure, may involve raw materials that may have been produced using modern slavery, such as bricks and recycled steel.



Transport and logistics industries supporting construction may use workers exploited through modern slavery, including due to their demand for base-skill and inexpensive labour.



Migrant workers may have been exploited through modern slavery because they may not be fully aware of or comfortable claiming their legal rights and entitlements.



Long and complex supply chains, stretching across multiple countries, may make it difficult to track and monitor their suppliers and their modern slavery risk management processes.



There may be risks from indirect procurement of goods from high-risk geographies, including conflict-affected zones and countries with weak rule of law.

## CONSTRUCTION SNAPSHOT: Department of Foreign Affairs and Trade

The Department of Foreign Affairs and Trade (DFAT) manages over 1000 leased and owned properties across 84 countries in 120 Posts as part of the Australian Government's overseas network. In 2019–20, DFAT entered into contracts for overseas construction projects, including for:

- \$287 million for active major capital works (including new construction, new fit-outs in leased premises or mid-life upgrades and refurbishments to owned premises), and
- \$22 million for minor capital works (including minor upgrades and fit outs).

The highest value procurements related to major construction works and office fit-outs.

Generally, core suppliers of these construction projects are located within the same country that the construction project is taking place. However, there are challenges in assessing modern slavery risks further down the supply chains, especially in relation to materials such as glass, building insulation, paint, bricks and concrete blocks that are sourced by contractors and subcontractors in overseas markets.

Similarly, it is difficult to determine the provenance of many raw commodities and semi-finished products (such as building sand, metals, plastics and chemical additives) that project-located producers purchase for the manufacture of other finished products.

DFAT is increasing the number of projects supported by Australian off-site or pre-fabricated construction which may go some way to mitigating these risks. Examples of this include the new Rabat Embassy and the Tarawa High Commission and residential housing projects, where approximately 75% of direct materials and labour were sourced from Australia.

## Emergencies and extraordinary circumstances

The global COVID-19 pandemic has highlighted that in certain emergency situations, governments need to undertake extraordinary procurements. Domestic emergencies, such as natural disasters, including bushfires and floods, may also necessitate procurement processes which are extraordinary. Extraordinary procurements may be so by reference to the volume of goods being procured, in respect of the compressed timeframes associated with those procurements, or by nature of the goods or services themselves, such as the need to buy more emergency supplies such as personal protective equipment (PPE), sandbags or other necessary items. All of these factors, and the resulting pressures on suppliers, can result in increased risks of modern slavery

### COVID-19 pandemic

Globally, the impacts of COVID-19 significantly increased the vulnerability of workers to modern slavery. Loss of income, low awareness of workplace rights, requirements to work excessive overtime to cover capacity gaps, increased demand due to supply chain shortages and the inability to safely return to home countries all contributed to the increased risks of modern slavery in global supply chains. At the same time, the disruptions caused by COVID-19 have upended many of the usual mechanisms for monitoring and addressing modern slavery in supply chains and have reduced purchasers' visibility over their supply chain, even when using existing tier one suppliers.

The impacts of COVID-19 resulted in an increased and urgent need for Australian Government procurement of health products and services, including PPE, to ensure that Australian health workers, frontline officials and members of the public were adequately protected. Although existing supplier relationships were preferred, in order to meet unprecedented domestic demand, in a highly competitive international market, procurements of PPE often involved new suppliers and new supply chains on highly contracted timeframes.

To support the rapid procurement of PPE, the Department of Health undertook a streamlined approach to the Commonwealth procurement of PPE pursuant to paragraph 2.6 of the Commonwealth Procurement Rules (CPRs). Under this streamlined approach procurements were still subject to financial approval, value for money considerations, risk assessments and AusTender reporting requirements.

The Government acknowledges that these procurements carried high risks of modern slavery. In particular, the Government is aware that production of rubber gloves and the manufacture of face-masks have been implicated in the use of child, bonded and forced labour and other human rights violations.

In order to achieve the Government's primary objective of protecting health care and frontline workers and the general public whilst addressing some of the risks identified above, the Government applied non-standard payment terms where appropriate. This included providing the bulk of payments upfront, rather than upon receipt of the products, to ease some of the pressures being faced by suppliers. Flexible payment measures such as these assist in ensuring ongoing cash-flow for suppliers so that workers are not laid off and are able to be paid for any overtime.

The Government applied the streamlined procurement for a limited period of time, reverting to standard procurement practices under the CPRs as soon as was practicable. In respect of PPE procurement by the Department of Health, standard procurement practice includes consideration of modern slavery risks. As such, these risks will continue to be identified and addressed when the Government undertakes further PPE procurement to respond to the ongoing effects of COVID-19.

The Government recognises the likelihood of similar events occurring again, placing added pressure on suppliers and manufacturers to deliver large quantities of specialised goods and services in short timeframes and exacerbating the risk of workers being exposed to modern slavery. The Government will continue to strengthen its engagement with suppliers, collaborate across government and industry, and integrate modern slavery risk mitigation into its procurement processes in an effort to safeguard against increased modern slavery risks that may arise in future. The Government will also work to develop a Rapid Response Framework that can be utilised in future cases of extraordinary procurements to ensure appropriate due diligence is undertaken with respect to modern slavery risks, in the circumstances.



## SECTION FOUR: ACTIONS

*Section 16(1)(d) of the Modern Slavery Act 2018 requires reporting entities to describe the actions they have taken to assess and address the risks outlined in the previous section, including due diligence and remediation processes. This section addresses this criteria by detailing the steps taken by the Australian Government during the reporting period to assess and address modern slavery risks.*

Governments have significant leverage to drive positive change to ensure workers in their supply chains and operations are not exploited. The Government is committed to improving the conditions of workers in its supply chains through robust procurement and contracting practices. It is also committed to using its position as a major investor and steward of public money to set clear expectations for the conduct of investees.

The Government recognises that responding to modern slavery risks in operations and supply chains requires a proactive, 'hands on' approach. This is why, during the first reporting period, the Government took a range of actions to strengthen modern slavery considerations in our operations, procurement and contracting practices. These actions focused on five key areas:

- building a whole-of-government framework to guide and coordinate the Government's response and foster information sharing and collaboration;
- raising awareness of modern slavery risks among key government officials, including through tailored training;
- embedding modern slavery considerations within existing procurement and contracting practices;
- equipping procurement officers and investment managers to assess and address modern slavery risks and engage with suppliers and investees; and
- establishing plans and processes to ensure the Government is able to effectively respond to modern slavery cases.

### Building a whole-of-government framework to guide and coordinate the Government's response and foster information sharing and collaboration

In the reporting period, the Government established a whole-of-government IDC to guide its response to modern slavery and the development of this Commonwealth Statement. The IDC is comprised of senior procurement officers and legal representatives from a range of key NCCEs. The mandate of the IDC is to coordinate and review government actions to assess and address modern slavery risks across the Government and ensure that any actions that are taken are applied consistently across the Government. Looking ahead, the IDC will continue to bring relevant NCCEs together to identify and agree to targeted actions to address the Government's key modern slavery risks.

### Raising awareness of modern slavery risks among government officials

A priority for the Government over the first reporting period was to raise awareness of modern slavery and educate government officials on how modern slavery practices may arise in government procurement. The focus over this reporting period was on enhancing understanding of the modern slavery risks across government.

To achieve this, the IDC worked together to raise awareness among procurement teams within NCCEs. All representatives on the IDC were tasked with disseminating information and raising awareness of modern slavery within their organisation. The Government also worked in collaboration with the New South Wales (NSW) Government to develop an introductory e-learning module on modern slavery for procurement officers.

### **EXAMPLE: Modern slavery online training**

In collaboration with the NSW Government, the Australian Government developed an online e-learning module for procurement officers on modern slavery. This module is an introductory module designed to educate procurement officers about:

- what modern slavery is,
- what modern slavery looks like in government supply chains,
- what procurement officers can do to address modern slavery risks, and
- how to report concerns about modern slavery practices in government procurement.

The e-learning module was circulated to all members of the IDC for distribution to procurement and legal teams. It is publicly available on the Modern Slavery Register. Over future reporting periods, the Government will look to embed this e-learning module as part of internal procurement training across NCCEs. The Government will also work to develop further, more targeted e-learning modules on;

- identifying modern slavery and managing the risk; and
- how to respond to modern slavery practices in government procurement.

## **Embedding modern slavery considerations within existing procurement and contracting practices**

Over this reporting period, the Government considered additional ways to embed specific modern slavery considerations into whole-of-government procurement frameworks. This includes the CPRs, in addition to the current requirements not to enter into contracts with suppliers who engage in dishonest, unethical or unsafe practices. Integrating these considerations into the whole-of-government framework will ensure that modern slavery risks are considered and, where possible, mitigated as part of business-as-usual risk assessment and management processes across the range of government procurement activities. The Government will continue working with NCCEs to integrate these considerations within existing procurement and contracting practices.

The CPRs also require Commonwealth entities to publish a range of information on AusTender, including planned procurements, requests for tender/approaches to market, standing offer arrangements and details of contracts that have been awarded. NCCEs are required to report details of contracts awarded with a value of \$10,000 or more. This data informed the development of this Commonwealth Statement and the Government will continue to interrogate the data available to target our actions towards higher-risk procurements.

## Equipping procurement officers and investment managers to assess and address modern slavery risks and engage with suppliers and investees

During the reporting period, the Government developed a Government Procurement Toolkit on Modern Slavery for procurement officers. The Toolkit aims to build the capacity of procurement officers across government to assess and respond to modern slavery risks and includes a risk screening tool, tender guidance, a supplier questionnaire and model modern slavery contract clauses. These optional resources support government procurement officers to take a targeted, risk-based approach to assessing risk, equip them to undertake due diligence on modern slavery risks in supply chains, and encourage them to work proactively and collaboratively with suppliers to address modern slavery risks.

These resources have been distributed to all IDC members for use by their organisation and are publicly available on the Modern Slavery Register. The Government will review these resources regularly, including in consultation with business and civil society experts, and will look to build on these over future reporting periods.

### EXAMPLE: Contract Clauses

The Australian Government developed a suite of modern slavery contract clauses for inclusion in Government contracts for the procurement of goods and services. These clauses aim to assist NCCEs to actively manage modern slavery risks in the procurement of goods and services by providing an opportunity for NCCEs to monitor supplier actions as part of established contract management processes.

The contract clauses have graduating obligations that NCCEs can select from depending on the modern slavery risk profile of the particular procurement. Suppliers' answers to the Supplier Questionnaire can assist in determining the appropriate clauses for inclusion. For higher risk contracts, the relevant contract clauses require suppliers and the relevant government agency to take additional steps to ensure that any modern slavery risks are identified and addressed. For example, the clauses can be used to require suppliers to develop modern slavery risk management plans and provide training on modern slavery for the supplier's key staff.

The clauses were developed during the reporting period and integration commenced on an ad hoc basis. Development will continue into the next reporting period and the finalised model clauses will be made available on the Modern Slavery Register in the next reporting period.

## Establishing plans and processes to ensure the Government is able to effectively remediate modern slavery cases

During the reporting period, the Government developed a response protocol, which sets out the processes NCCEs are to follow to respond to cases of modern slavery identified in their operations or supply chains, both in Australia and overseas. The response protocol steps through the actions NCCEs should take when an allegation of modern slavery is made involving direct or indirect government suppliers, including how to respond if the allegation is substantiated. The response protocol highlights the importance of acting in the best interests of survivors and the obligations of Government entities to address any harm they identify was caused or contributed to by their actions.

The response protocol was distributed to all IDC members. As Government entities gain a better understanding of their modern slavery risks and how to address them, this response protocol will be regularly reviewed and amended to ensure it remains effective and fit-for-purpose. The Government will consider further options to strengthen remediation processes over the coming years.

# OVERVIEW OF KEY ACTIONS TAKEN DURING THE REPORTING PERIOD

## Policies and processes



Developed a Procurement Toolkit to assist procurement officers to identify, assess and address risks of modern slavery.



Conducted a stocktake of existing policies and processes across government and opportunities to use these frameworks to address modern slavery risks.



Established a whole-of-government IDC to coordinate response



Developed a suite of model modern slavery contract clauses for use in government contracts.



Developed a modern slavery risk management framework on the basis of international best practice human rights due diligence.



Conducted a thematic assessment of modern slavery risk across the relevant six public asset investment funds.

---

## Collaboration



Established a Modern Slavery Expert Advisory Group to provide multi stakeholder feedback, including groups working with survivors and workers.



Engaged with state and territory governments to address shared risks.



Established cross-government thematic working groups on textiles and construction to share expertise and progress work to address modern slavery risks in these areas.



Collaborated with NSW Government to develop shared training materials for government officials.

## Supplier engagement and due diligence



Provided targeted briefings on modern slavery risks with procurement, legal and sustainability teams in key government suppliers across key risk areas.



Developed an information and guidance sheet for the Commonwealth Property Service Providers.



Carried out an overarching risk assessment of government procurement and investment activities to identify areas of risk.



Developed a supplier questionnaire to support NCCEs to assess modern slavery risk factors for key suppliers.



Carried out targeted risk workshops with key NCCEs to identify possible modern slavery risks.



Engaged with ASX listed company boards, investment managers and Australian assets associated with the six public asset investment funds to raise awareness of modern slavery risks and to discuss their processes for managing modern slavery risks.

---

## Training



Developed modern slavery training for government procurement officers in collaboration with the NSW Government.



Disseminated advice through the Senior Procurement Officers Reference Group.

---

## Remediation



Developed a response framework to ensure the Government responds to modern slavery allegations in a way that promotes the best interests of survivors and prioritises remediation.



Commenced mapping of existing grievance mechanisms.

## Addressing the Government's key risk areas

The Government established thematic, cross-agency working groups to address the risks of modern slavery in the Government's procurement for textiles and construction projects. The working groups brought together procurement officers from NCCEs with large value procurements for textiles and construction. The aim of the working groups was to identify key modern slavery risks in these procurement areas and share information about best practice solutions to mitigate these risks. The working group model helped to enhance the understanding of key NCCEs of the common risks associated with their textiles and construction procurements. The Government will continue to engage with the thematic working groups and will consider whether additional thematic working groups are needed to address further identified risk areas.

The Government engaged with the three PSPs to provide briefings on how to identify, assess and address modern slavery risks in the cleaning and security services sector. The Government will continue to engage with the contracted PSPs to promote positive change across the industry and ensure workers providing cleaning and security services in government buildings are not exploited.

During the reporting period, the Future Fund Board of Guardians integrated modern slavery into its existing Environmental and Social Governance frameworks to guide how modern slavery risks are identified and managed across investments in the six public asset funds that they manage on behalf of the Government. Modern slavery risks were also integrated into due diligence and ongoing monitoring processes with external investment managers and a thematic risk assessment was undertaken across the first tier of the investment portfolio to identify modern slavery risks. Engagement was also undertaken with a number of ASX-listed company boards, investment managers and Australian assets to raise awareness of modern slavery and to discuss their policies and processes for managing these risks.

## Addressing the impact of COVID-19 on modern slavery risks

To address the increased modern slavery risks linked to COVID-19, the Government released guidance for NCCEs on how to work with suppliers during the pandemic. The guidance recognised the impact of the COVID-19 pandemic on job security and loss of income, noting that these impacts can increase the vulnerability of individuals and groups already vulnerable to modern slavery. The guidance included advice on how to best maintain supplier relationships and foster open communication about risks. It also warned of the risks to vulnerable workers when previous contracts are changed suddenly or must be delivered in short timeframes due to pandemic pressures.

The guidance instructed government procurement officers to work collaboratively with affected suppliers to make appropriate arrangements to support the ongoing financial viability of these businesses and their ability to retain workers. Key actions directed under the guidance included:

- relaxing or waiving some contractual rights where appropriate to address COVID-19 circumstances,
- avoiding the use of termination rights or liquidated damages, and
- revising payment arrangements to support quicker payments.



## Looking Ahead

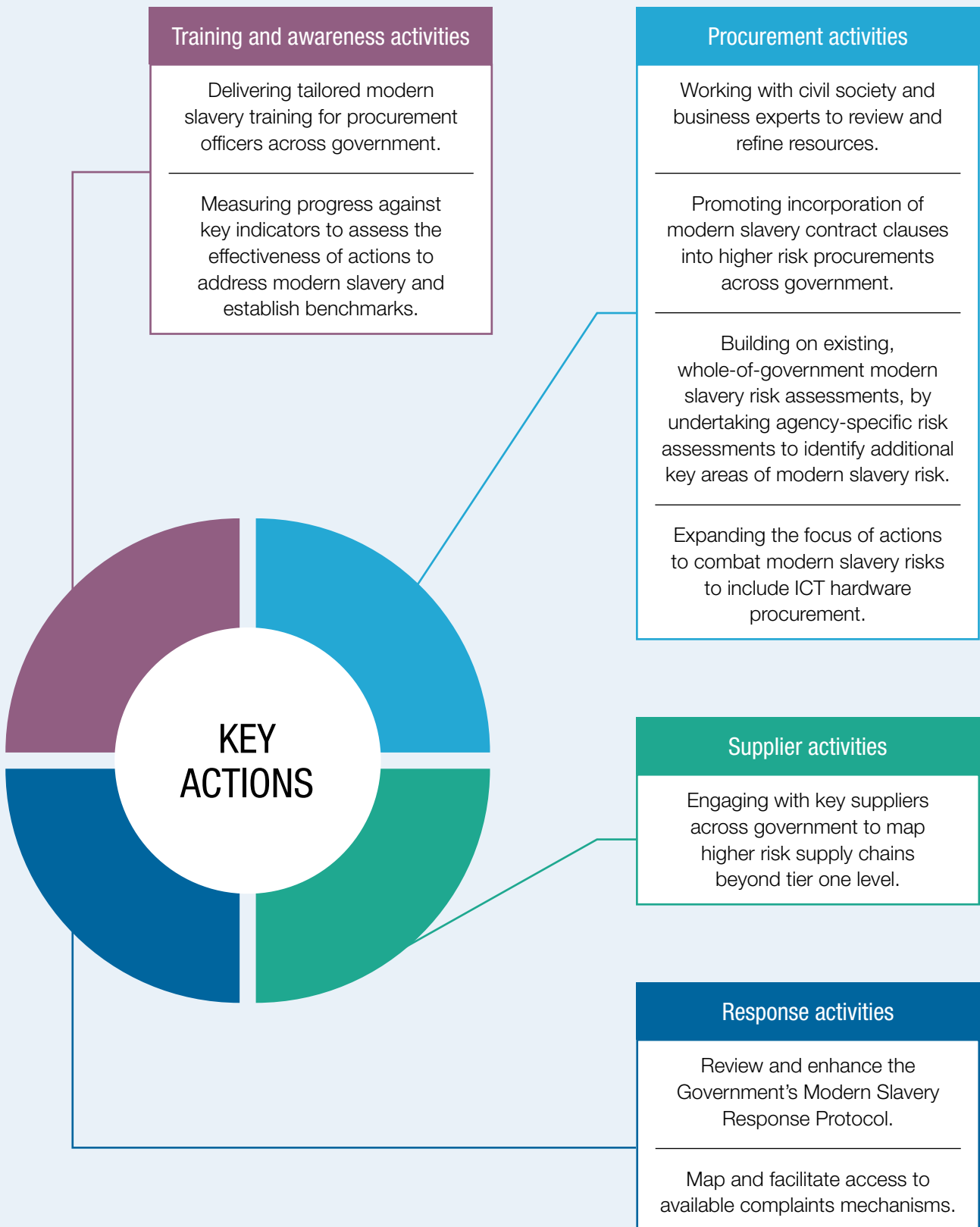
In the first reporting period, the Government focused on establishing a robust and sustainable framework to facilitate collaboration on, understanding of, and actions to address modern slavery risks in its operations and supply chains across Government. Over future reporting periods, the Government will look to scale up its response, extending both the breadth and depth of its analysis and action. The Government's goal is to continuously improve its processes and policies to address modern slavery risks in its procurement and investments.

In addition to continuing its efforts detailed above, the Government will, in future reporting periods look to:

- streamline and further embed modern slavery considerations into procurement practices,
- harmonise data collection and reporting on modern slavery risks and actions in order to capture, analyse and report on a higher degree of granular data on activities and risks,
- monitor and report on the application of modern slavery resources by NCCEs,
- undertake more detailed mapping of suppliers, including identification of major shared suppliers, in order to facilitate greater collaboration and shared learnings across Government,
- establish benchmarks for progress in future reporting periods,
- develop a remediation framework, including access to a grievance mechanism, to support its procurement activities,
- develop a monitoring and evaluation strategy to assess the effectiveness of the Government's actions,
- develop a strategy for monitoring compliance by suppliers with modern slavery contractual and reporting requirements,
- consider modern slavery risks associated with other Government activities such as grants and funding mechanisms, and
- increase engagement with Australian states and territory governments to identify opportunities to address shared modern slavery risks.

The Government remains committed to making resources publicly available to strengthen public understanding of, and capacity to, address modern slavery risks.

The below diagram outlines key actions the Government will take to strengthen its response over the next reporting period.





## SECTION FIVE: EFFECTIVENESS

*Section 16(1)(e) of the Modern Slavery Act 2018 requires modern slavery statements to describe how the reporting entity assesses the effectiveness of the actions being taken to assess and address modern slavery risks. This section addresses this criteria by outlining the steps taken by the Australian Government during the reporting period to review the effectiveness of its actions to assess and address modern slavery risks. This section also sets out how the Government will monitor the effectiveness of its actions in future statements.*

The Australian Government recognises that assessing the effectiveness of actions to assess and address modern slavery risks in global operations and supply chains is complex and challenging. However, it is vital that the Government has a robust method for monitoring and assessing its actions to assess and address modern slavery risks. This will help to ensure that risks are accurately identified, actions are being taken to respond to identified risks, and that any actions taken are fit-for-purpose.

In this reporting period, the Government, in consultation with a range of private industry and civil society partners, developed a process to provide a baseline assessment of the Government's current response. Over the next reporting period, the Government will assess the data collected to develop a Performance Review Framework (the Framework) by which to assess the ongoing effectiveness of its actions.

In order to capture the foundational work being undertaken in the first two to three reporting periods, the baseline assessment will capture four key activity streams:

- **Training and awareness activities** will involve an assessment of the depth and breadth of understanding of modern slavery issues in respect of government operations and supply chains across Government.
- **Procurement activities** will involve an assessment of how government procurement processes are operating to identify and address modern slavery risks in government operations and supply chains.
- **Supplier activities** will involve an assessment of how deeply suppliers are engaging with the Government's modern slavery requirements and are developing their capacity to identify and manage their own modern slavery risks.
- **Response activities** will involve an assessment of how NCCEs are responding to identified modern slavery risks.

The Government's delivery against the Framework will be monitored by the IDC as well as the independent MSEAG, to ensure that the views and experiences of specialist government procurement and commercial teams as well as non-government suppliers and business experts are taken into account. The Government's performance will be reported against the Framework in later modern slavery statements. The Framework will itself be the subject of ongoing reconsideration and revision to reflect the Government's increasing maturity in this space. It will also be responsive to assessing the Government's responses against future identified risk areas of focus.

The table below outlines examples of the types of actions and outcomes that our baseline assessment and performance framework may be centred around. In measuring the outcomes identified, the Government will look to capture both quantitative and qualitative data, with a view to being able to report on trends, changes and challenges in future reporting periods, as well as to set benchmarks for improvement.

	Action	Illustrative outcomes
Training and awareness activities	Deliver training to NCCEs.	Changes in understanding of modern slavery risks in government officials.
	Engage NCCEs to raise awareness of modern slavery risks.	Changes in awareness of modern slavery risks in NCCEs.
	Review training materials and resources.	Training materials and resources remain effective and responsive to a changing landscape.
Procurement activities	Identify common suppliers and common risks across government.	NCCEs have a better understanding of their supply chains and risks and how to address these risks.
	Identify modern slavery risks in new procurements.	New procurements are examined to identify modern slavery risks.
	Identify modern slavery risks in existing contracts.	Existing contracts are examined by contract managers to identify modern slavery risks.
	Actively manage modern slavery risks in new procurements.	Risk management controls are applied by contract managers to actively manage identified modern slavery risks in new procurements.
	Actively manage modern slavery in existing contracts.	Risk management controls are applied to actively manage identified modern slavery risks in existing contracts.
	Integrate modern slavery considerations into existing procurement practices.	Changes in existing procurement policies and practices.
Supplier activities	Engage with suppliers on modern slavery risks.	Changes in suppliers' conduct with respect to modern slavery risks.
Response activities	Respond to modern slavery practices in government procurement activities.	NCCEs take steps to actively respond to identified modern slavery practices in their procurement activities.

## Early Indicators

Despite focussing on establishing a baseline assessment of its response and developing a Performance Review Framework that promotes continuous improvement, there have been some early indicators of the growing effectiveness of the Government's awareness-raising and capacity building efforts. The examples of agency action below were developed following early outreach on modern slavery risks and independent of the Government's coordinated actions to address these risks.

### EXAMPLE: Department of Defence Modern Slavery Control Plan

The Department of Defence's (Defence) Strategy, Policy, and Industry Group is involved in large scale, high profile procurements to deliver a number of overseas construction projects through the Pacific Step-Up program. To address the increased risks of modern slavery in overseas construction projects, Defence developed a Modern Slavery Control Plan to better manage these risks with suppliers. The Control Plan provides a modern slavery policy commitment, risk evaluation criteria and a principles based remediation / incident response plan. The Control Plan is complemented by modern slavery clauses that form part of Defence's template contracts for use in these overseas projects.

- Obligations on contractors to implement and maintain Adequate Procedures to prevent, detect and remediate modern slavery and comply with modern slavery laws, including:
  - internal policies clearly setting out employees' obligations regarding modern slavery prevention, record keeping, detection and remediation and for ensuring compliance with modern slavery laws
  - adequate training of relevant personnel on preventing, identifying and responding to modern slavery and compliance with modern slavery laws,
  - undertaking regular risk assessments in relation to susceptibility to modern slavery and breaches of the modern slavery laws, and
  - ensuring access to appropriate grievance mechanisms to allow for employees and subcontractors to safely report instances of modern slavery.
- Monitoring provisions which enable Defence to request relevant documentation to assess residual risk and compliance with the contractual requirements (e.g. the contractor's policies and evidence of its processes), as well as other contract monitoring, including rights to audit and site inspections as well as to investigate actual or suspected breaches of modern slavery laws.
- Requirements for the contractor to include equivalent clauses in its subcontracts.
- Termination and remediation provisions to appropriately respond to harm.

## EXAMPLE: The Australian Taxation Office Modern Slavery Risk Scoping Framework

During the reporting period, the Australian Taxation Office (ATO) developed a bespoke framework for scoping modern slavery risks in the operations and supply chains of the agency. The framework was specifically designed for the first year of reporting under the *Modern Slavery Act 2018* and will be revised over coming years to ensure its effectiveness and alignment with whole-of-government guidance.

The Framework saw the ATO assess modern slavery risks in existing contracts by:

- 1. Taking a targeted, risk-based** approach to identify the top five suppliers in the key high risk areas identified in Section Three of this statement.
- 2. Conducting an initial desktop assessment** by collating all necessary data and information on these suppliers, including any information the supplier may have published (for example, a Code of Conduct and Modern Slavery, Corporate Social Responsibility and Human Rights Policy Statements).
- 3. Undertaking a risk assessment** using the assessment methodology and information gathered through the desktop assessment to identify the modern slavery risks for these suppliers.
- 4. Developing recommended mitigation strategies** for the risks identified.

Using this framework, the ATO identified some suppliers that carried greater risks of modern slavery. Mitigation strategies that were employed included:

- engaging with suppliers to ensure they understand their modern slavery risk mitigation obligations and the particular risks their organisation may present,
- maintaining close oversight of these suppliers through ongoing intelligence gathering,
- assessing changes to the ATO's tender evaluation process to ensure modern slavery risk assessment takes place up front, and
- ensuring that any assessed risks are reflected in the evaluation outcome.

The ATO will continue to undertake this scoping exercise on a regular basis, to monitor its supplier base closely and address any modern slavery risks as they arise.



## SECTION SIX: CONSULTATION

*Section 16(1)(f) of the Modern Slavery Act 2018 requires reporting entities to describe the process of consultation with any entities that the reporting entity owns or controls. To address this criteria, this section outlines how the Australian Government prepared the Commonwealth Statement, including consultations with non-corporate Commonwealth entities (NCCEs) and engagement with entities controlled by NCCEs.*

During the reporting period, the Australian Government worked closely with NCCEs to assess and address modern slavery risks. As the whole-of-government policy lead on modern slavery and human trafficking, the ABF's Modern Slavery and Human Trafficking Branch coordinated the development of the Government's Commonwealth Statement.

In 2019, the Government established a formal IDC to coordinate and drive government action to assess and address modern slavery risks across the Commonwealth. NCCEs were consulted throughout the development of the Commonwealth Statement, through these IDC meetings, as well as by way of teleconferences and regular updates from the ABF. The ABF also consulted extensively within individual government portfolios and utilised networks such as the Senior Procurement Officials Reference Group to disseminate information and resources across government and seek feedback.

These groups informed the development and drafting of case studies featured in this Commonwealth Statement.

In 2020, the Government also established specialist inter-agency thematic working groups focused on overseas construction and textiles procurement under the IDC. The establishment of these working groups enabled more targeted discussions with government experts on these key areas of risk within Commonwealth procurement.

This Commonwealth Statement doesn't cover corporate Commonwealth entities. The Government is working with corporate Commonwealth entities to support them to comply with the Act, including through running workshops to provide information on the Government's expectations for compliance and to facilitate sharing of best-practice examples.

Key groups that the Government collaborated with when creating the Commonwealth Statement include:

### COMMONWEALTH STATEMENT IDC:

An Interdepartmental Committee that informs development of the Commonwealth Statement and guides the Government's response to addressing modern slavery risks in Commonwealth procurement.

### TEXTILES WORKING GROUP:

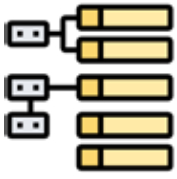
A cross-agency working group that brings together procurement officers to identify risks in the textiles sector and share information about how to mitigate these risks.

### CONSTRUCTION WORKING GROUP:

A cross-agency working group that brings together procurement officers to identify risks in the construction sector and share information about how to mitigate these risks.

### MODERN SLAVERY EXPERT ADVISORY GROUP:

An independent group comprised of representatives from business, academia and civil society that provides strategic advice to Government on the implementation of the *Modern Slavery Act*.



## SECTION SEVEN: RELATED ACTIVITIES

*Section 16(1)(g) of the Modern Slavery Act 2018 allows for reporting entities to include any other relevant information that the reporting entity thinks is relevant. Accordingly, this section outlines the other actions the Australian Government is taking to combat modern slavery, both domestically and overseas.*

The *Modern Slavery Act 2018* is just one facet of the Australian Government's robust response to addressing modern slavery. The Government's dedicated Modern Slavery and Human Trafficking Branch in the ABF is responsible for driving government action to combat modern slavery domestically and internationally and works closely with other government agencies to coordinate and strengthen efforts.

The Government has a comprehensive, whole-of-government approach to tackling modern slavery and slavery-like practices. Australia works with other governments and organisations to prevent human trafficking, prosecute perpetrators, and protect and support victims. This response has been guided by the *National Action Plan to Combat Human Trafficking and Slavery 2015–19* (National Action Plan). During the reporting period, the Government implemented a number of key initiatives under the National Action Plan to progress its work to combat modern slavery and human trafficking. The Government's work includes a range of international efforts in recognition of the global nature of the problem, the global complexities of supply chains and the need for coordinated, global action.

The Government is building on its current framework to combat human trafficking and other forms of modern slavery through the development of the next *National Action Plan to Combat Modern Slavery 2020–25*. The new National Action Plan will drive the strategic direction of Australia's response to these crimes and build on current efforts and initiatives under the 2015–19 National Action Plan.

The Government recognises that modern slavery is deeply rooted within global supply chains that are more complex and faster moving than ever before. In addition to responding to modern slavery risks in Commonwealth procurement, the Government is also progressing other key initiatives domestically and internationally. The below table highlights some of the Government's additional ongoing work to combat modern slavery.



# AUSTRALIAN GOVERNMENT'S KEY WORK TO COMBAT MODERN SLAVERY



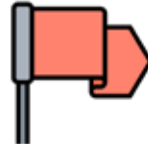
Maintaining a strong criminal justice response to modern slavery in Australia, including specialist police investigative teams.



Reviewing Australia's *National Action to Combat Human Trafficking and Slavery 2015–19* and developing the next *National Action Plan to Combat Modern Slavery 2020–25*.



Maintaining a dedicated support program for survivors or those at risk of human trafficking and modern slavery.



Demonstrating international leadership by championing key initiatives to combat modern slavery, including the Financial Sector Commission on Modern Slavery and Human Trafficking.



Advocating for decent work in global supply chains through engagement with the International Labour Organization.



Working with key partner countries in our region to strengthen law and justice frameworks to combat modern slavery and human trafficking.



Progressing ratification of the 2014 Protocol to the Forced Labour Convention.



Developing a new International Strategy to Combat Human Trafficking and Modern Slavery.



Funding to anti-slavery non-government organisations and civil society to combat modern slavery.



Coordinating the development of a Compendium of good practice examples on combating exploitation in supply chains under the Bali Process.

# ACRONYMS AND ABBREVIATIONS

---

ABF	Australian Border Force
AFP	Australian Federal Police
APS	Australian Public Service
ATO	Australian Taxation Office
Commonwealth Statement	Commonwealth Modern Slavery Statement
COVID-19	Novel coronavirus
CPRs	Commonwealth Procurement Rules
DFAT	Department of Foreign Affairs and Trade
ICT	Information and Communications Technology
IDC	Inter-Departmental Committee
IPD	International Policy Division, Department of Defence
KPIs	Key Performance Indicators
MSEAG	Modern Slavery Expert Advisory Group
MSHTB	Modern Slavery and Human Trafficking Branch, Australian Border Force
NCCEs	Non-corporate Commonwealth entities
NSW	New South Wales
PPE	Personal protective equipment
PSPs	Property Service Providers
The Act	Australia's Modern Slavery Act 2018 (Cth)
The Government	The Australian Government
UNGPs	United Nations Guiding Principles on Business and Human Rights

# APPENDIX A: List of Non-Corporate Commonwealth Entities

---

1. Department of Agriculture, Water and the Environment
2. Australia Fisheries Management Authority
3. Bureau of Meteorology
4. Great Barrier Reef Marine Park Authority
5. Attorney-General's Department
6. Administrative Appeals Tribunal
7. Asbestos Safety and Eradication Agency
8. Australian Building and Construction Commission
9. Australian Commission for Law Enforcement Integrity
10. Australian Financial Security Authority
11. Australian Law Reform Commission
12. Fair Work Commission
13. Fair Work Ombudsman and Registered Organisations Commission Entity
14. Federal Court of Australia
15. National Archives of Australia
16. Office of the Australian Information Commissioner
17. Office of the Commonwealth Ombudsman
18. Officer of the Director of Public Prosecutions
19. Officer of the Inspector-General of Intelligence and Security
20. Office of Parliamentary Counsel
21. Safe Work Australia
22. Seafarers Safety, Rehabilitation and Compensation Authority
23. Department of Defence
24. Australian Signals Directorate
25. Department of Education, Skills and Employment
26. Australian Research Council
27. Australian Skills Quality Authority
28. Tertiary Education Quality and Standards Agency
29. Department of Finance
30. Australian Electoral Commission
31. Future Fund Management Agency
32. Independent Parliamentary Expenses Authority
33. Department of Foreign Affairs and Trade
34. Australian Centre for International Agricultural Research
35. Australian Secret Intelligence Service
36. Australian Trade and Investment Commission
37. Department of Health
38. Aged Care Quality and Safety Commission
39. Australian National Preventative Health Agency
40. Australian Radiation Protection and Nuclear Safety Agency
41. Cancer Australia
42. National Blood Authority
43. National Health and Medical Research Council
44. National Health Funding Body
45. National Mental Health Commission
46. Organ Tissue Authority
47. Professional Services Review Scheme
48. Sport Integrity Australia
49. Department of Home Affairs
50. Australian Crime Commission
51. Australian Federal Police
52. Australian Institute of Criminology
53. Australian Security Intelligence Organisation
54. Australian Transaction Reports and Analysis Centre
55. Department of Industry, Science, Energy and Resources

56. Clean Energy Regulator
57. Climate Change Authority
58. Geoscience Australia
59. IP Australia
60. Department of Infrastructure, Transport, Regional Development and Communications
61. Australian Communications and Media Authority
62. Australian Transport Safety Bureau
63. National Capital Authority
64. National Faster Rail Agency
65. North Queensland Water Infrastructure Authority
66. Department of Prime Minister and Cabinet
67. Australian National Audit Office
68. Australian Public Service Commission
69. National Drought and North Queensland Flood Response and Recovery Agency
70. National Indigenous Australians Agency
71. Office of National Intelligence
72. Office of the Official Secretary to the Governor-General
73. Workplace Gender Equality Agency
74. Department of Social Services
75. Australian Institute of Family Studies
76. Digital Transformation Agency
77. NDIS Quality and Safeguards Commission
78. Services Australia
79. Department of Treasury
80. Australian Bureau of Statistics
81. Australian Competition and Consumer Commission
82. Australian Office of Financial Management
83. Australian Prudential Regulation Authority
84. Australian Securities and Investments Commission
85. Australian Taxation Office
86. Commonwealth Grants Commission
87. Infrastructure and Project Financing Agency
88. Inspector-General Taxation
89. National Competition Council
90. Office of the Auditing and Assurance Standards Board
91. Office of the Australian Accounting Standards Board
92. Productivity Commission
93. Royal Australian Mint
94. Department of Veteran's Affairs
95. Department of Parliamentary Services
96. Department of House of Representatives
97. Department of the Senate
98. Parliamentary Budget Office



