



Modern Slavery Statement

For the Period 1 July 2019 to 30 June 2020



Letter from the WaterNSW Board of Directors

The Commissioner
Australian Border Force
Department of Home Affairs

02 November 2020

Submitted online via slavery.consultations@abf.gov.au

Dear Commissioner

On behalf of WaterNSW, I am pleased to submit this Modern Slavery Statement for the period 1 July 2019 to 30 June 2020 to the Department of Home Affairs for publication in the inaugural online register of Australian Modern Slavery Statements, as required under the Modern Slavery Act 2018 (Cth) (MS Act). Consistent with our organisation's core values of Value our People and Drive Change, WaterNSW fully supports the objectives of the MS Act, which are aligned to United Nations sustainable development goal 8.7 of eradicating forced labour, child labour, human trafficking and ending modern slavery in all its forms. WaterNSW opposes all forms of slavery and forced labour in our operations and the operations of our suppliers.

This Modern Slavery Statement is for the WaterNSW Group, which includes Water NSW (ABN: 21 147 934 787), a statutory State Owned Corporation constituted under the State Owned Corporations Act 1981 (NSW) and the Water NSW Act 2014 (NSW); and its fully owned subsidiary, WaterNSW Infrastructure Pty Limited (ABN: 93 629 813 270).

This Modern Slavery Statement was approved by the Board of Directors of both WaterNSW and WaterNSW Infrastructure Pty Limited at their October 2020 board meetings.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Ann McDonald".

Ann McDonald
Chair



About WaterNSW

Who we are

WaterNSW is a State Owned Corporation established under the Water NSW Act 2014 and operates under an Operating Licence issued and monitored by the Independent Pricing and Regulatory Tribunal (IPART). WaterNSW is also the 100% shareholder and parent of WaterNSW Infrastructure Pty Ltd. This Modern Slavery Statement covers both entities in the WaterNSW Group.

Our purpose

To improve the availability of water resources that are essential for the people of NSW.

Our vision

We are recognised and valued by our customers for excellence in efficiently delivering their water needs to help make our communities healthy and prosperous.

What we do

- **Source water protection:** protection of the Greater Sydney drinking water catchment to ensure safe water is supplied to Sydney Water, local councils and other distributors for treatment and distribution to their customers.
- **Bulk water supply:** supply water from our storages to customers in the Greater Sydney drinking water catchment, and in the state's regulated surface water systems.
- **System operator:** efficient management of the state's surface and groundwater resources to maximise reliability for users through operation of the state's river systems and bulk water supply systems, in collaboration with the Murray-Darling Basin Authority which directs operations of the River Murray system.
- **Infrastructure planning, delivery and operation:** meet customer-defined levels of service consistent with NSW Government policy and priorities to increase the security and reliability of water supplies to our customers and communities of NSW.
- **Customer water transaction and information services:** provide efficient and timely services to our customers for water licencing and approvals, water trades, billing and meet their water resource information needs for surface and groundwater quantity and quality.

Our values

In every decision we make, consider the benefit to our customers.

We support each other and all work together as one team.

We do what we say we will do and take ownership of our actions.



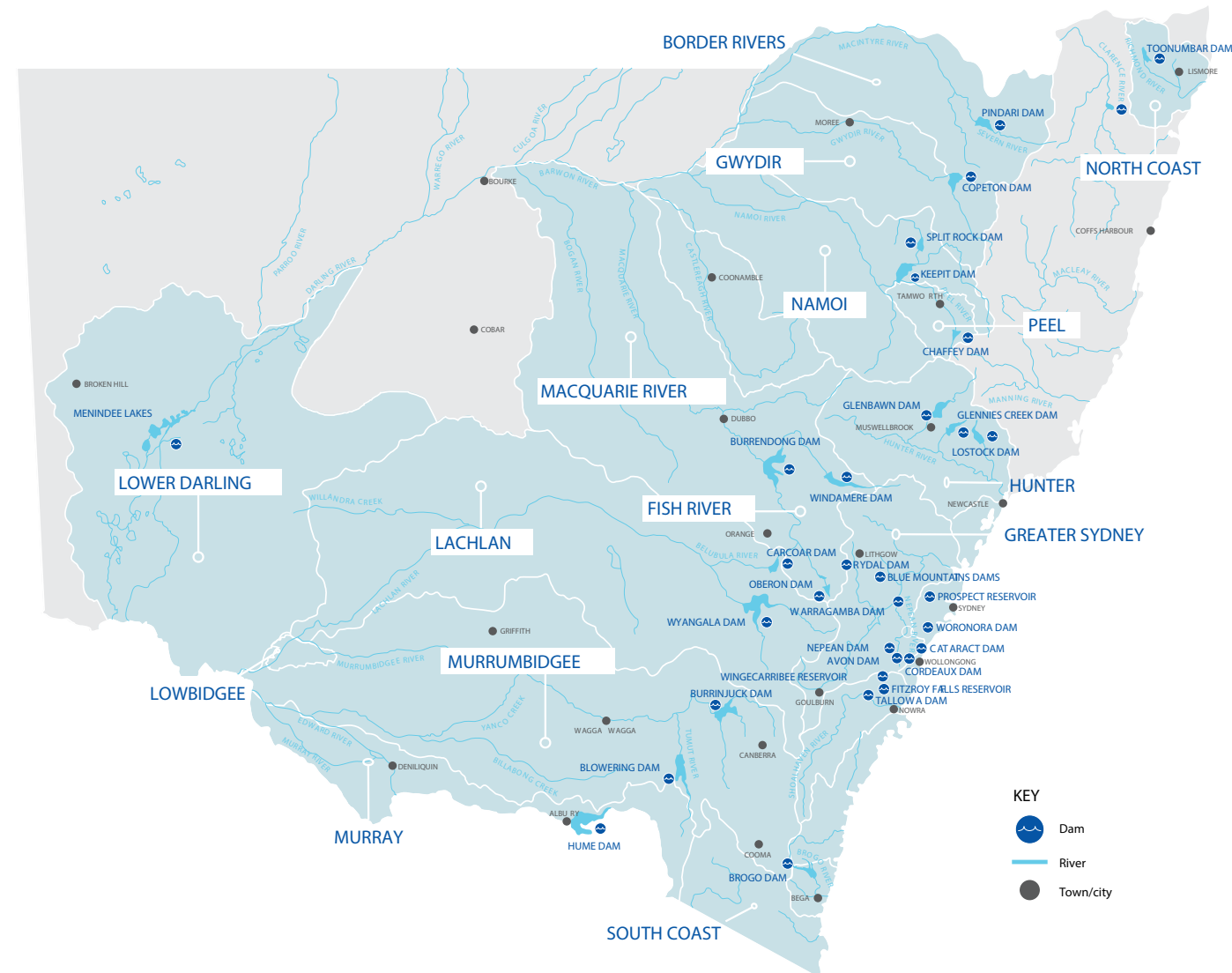
We are open to change and always improving the way we do things.

We take pride in Individual and corporate excellence.

We keep people safe, treat them with respect and are committed to growing our people.

Our area of operations

Through our employees and contractors located across the state, we provide essential water services daily to tens of thousands of customers across NSW and manage our extensive operational assets, water monitoring and metering networks.



Our Corporate Governance Structure

WaterNSW is constituted as a statutory State Owned Corporation (SOC) under the State Owned Corporations Act 1981 (NSW) and under the Water NSW Act 2014 (NSW). WaterNSW Infrastructure Pty Ltd is a wholly owned subsidiary of WaterNSW.

We have two voting shareholders, being

- The NSW Treasurer, and
- The NSW Minister for Finance and Small Business, and a Portfolio Minister, the Minister for Water, Property and Housing.

We are also regulated by several regulators, including:

- The Independent Pricing and Regulatory Tribunal (IPART) for operating licence compliance and customer pricing,
- The Environmental Protection Agency (EPA), and
- The Natural Resources Access Regulator (NRAR).

The directors on the board of WaterNSW are appointed by the voting shareholders. The directors on the board of WaterNSW Infrastructure Pty Limited are comprised of a director of WaterNSW and a member of the WaterNSW executive leadership team.

Our Governance Structure is shown below:

Voting Shareholders/Shareholding Ministers of Water NSW

- NSW Treasurer.
- NSW Minister for Finance and Small Business.
- Shareholders and share capital established under 20H State Owned Corporations Act 1989 (NSW).

Portfolio Minister of Water NSW

- NSW Minister for Water Property and Housing.
- Role of Portfolio Minister established under 20I State Owned Corporations Act 1989 (NSW).
- May give directions to WaterNSW in consultation with the Treasurer or shareholding ministers (subject to the State Owned Corporations Act 1989 (NSW), WaterNSW Constitution, Water NSW Act 2014 (NSW)).

Water NSW Board of Directors

- Directors are appointed by the voting shareholders (section 8 Water NSW Act 2014 (NSW)).
- Board complies with NSW Treasury Policy TPP 17-10: Guidelines for Governing Boards of Government Businesses.
- Accountable to the Voting Shareholders (see section 10 State Owned Corporations Act 1989 (NSW) and the WaterNSW Constitution.
- Subject to the direction of the Portfolio Minister (WaterNSW Constitution clause 5.5 (d)(i)).

Water NSW

Statutory State Owned Corporation - Parent Entity

- Established under the Water NSW Act 2014 (NSW) and Schedule 5, State Owned Corporations Act 1989 (NSW).
- Functions specified in Water NSW Act 2014 (NSW) and pursuant to Operation Licence (issued by IPART).
- Subject to Water NSW Constitution

Water NSW Infrastructure Pty Ltd

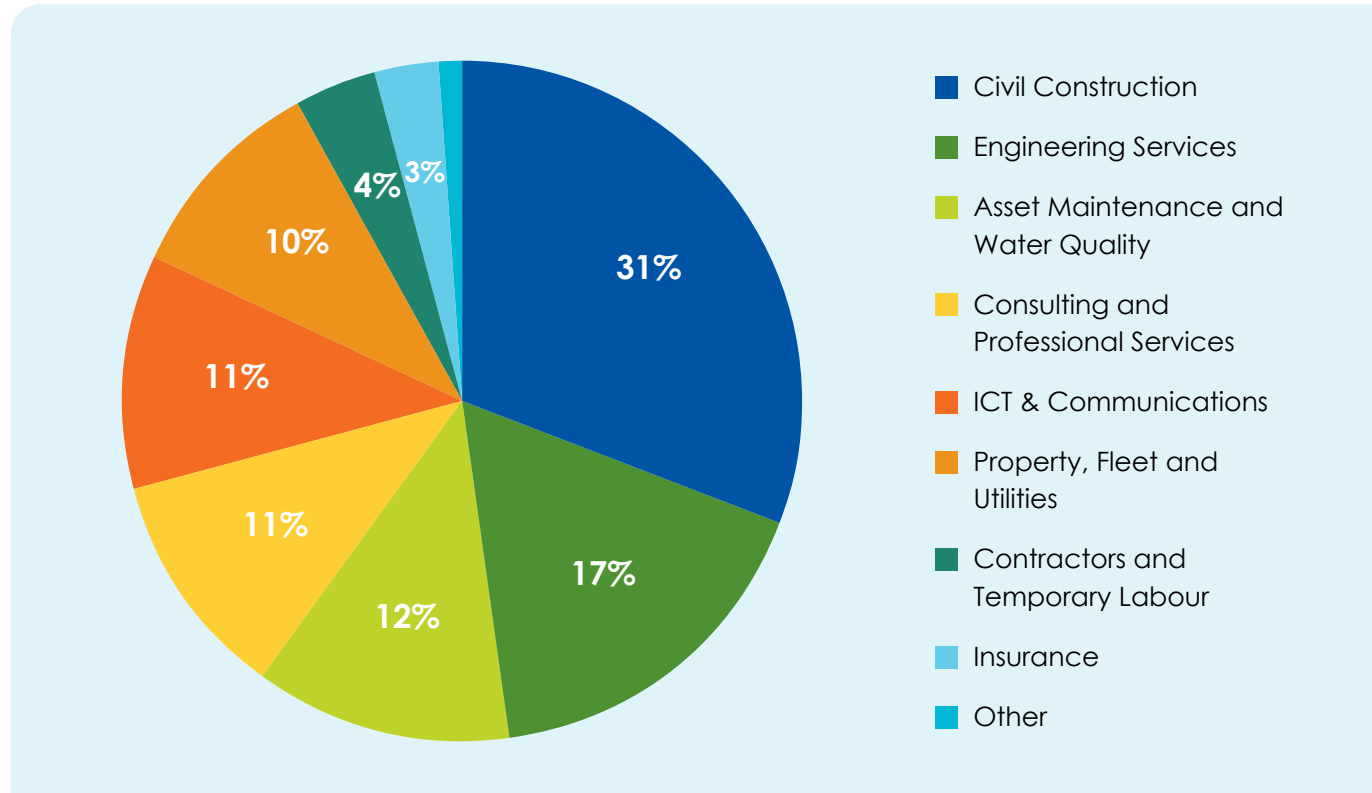
(controlled entity - wholly owned subsidiary)

- Established 5 November 2018 under the Corporations Act 2001 (Cth) as a wholly owned subsidiary of WaterNSW to provide bulk water transmission services for the supply of raw water to Essential Water in Broken Hill as the local water provider.
- Operates under the commercial disciplines of the NSW Government's Commercial Policy Framework.

Our Supply Chain

Our Procurement spend profile in 2019-20

During 2019-20, WaterNSW's procurement payments made to suppliers was \$294 million, with the most significant procurement expenditure being in civil construction (\$92 million), Engineering Services (\$51 million), Asset Maintenance and Water Quality (\$34 million), Consulting and Professional Services (\$34 million), ICT & Communications (\$33 million), Property, Fleet and Utilities (\$28 million), Contractors and temporary labour (\$11 million) and insurance (\$8 million).



Our Procurement Methods

WaterNSW buys a range of goods and/or services in different markets. We do not adopt the same procurement method in all cases, preferring instead to adopt the approach best suited to each need. Depending on our requirements we normally:

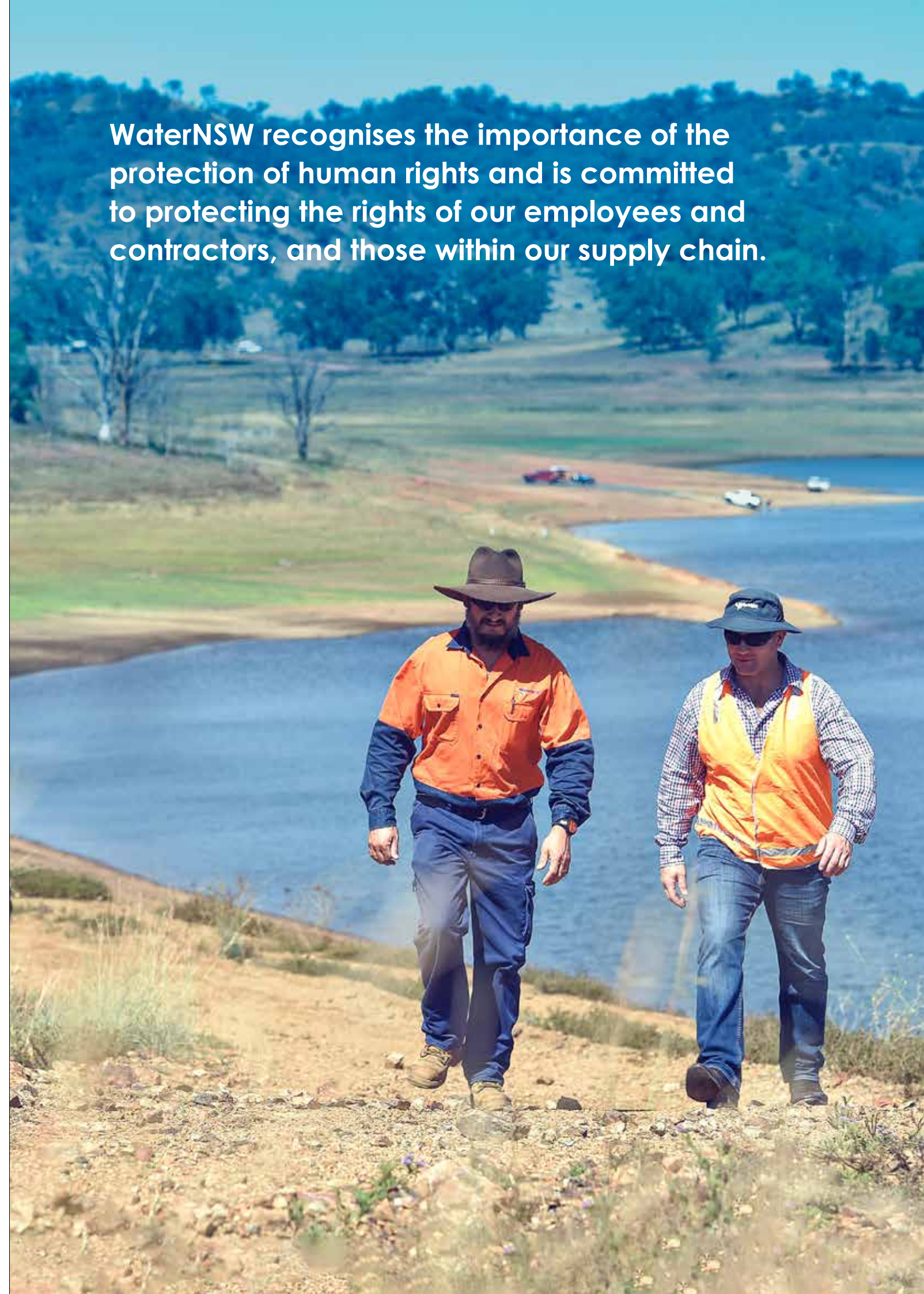
- seek proposals on a competitive basis from a number of suppliers; however, in some cases (typically low-value i.e. < \$50,000) we may seek a proposal from a single supplier, or;
- ask for formal bids or tenders as part of the procurement and competitive benchmarking process;
- conduct negotiations with prospective suppliers, instead of or in conjunction with a formal bid or tender process; and/or

- vary the length and structure of contractual commitments we already have in place.

In each case, our objective is to minimise cost and maximise value. In addition, we aim to ensure that the approach we adopt is fair and is clearly understood by our potential suppliers.

Where we undertake open market processes for Prequalification, Requests for Information (RFI's), Expressions of Interest (EOI's) or Requests for Tender (RFT's) **we advertise these opportunities** on the NSW Government's E-Tendering platform (accessible at <https://tenders.nsw.gov.au/>), where interested parties will then be directed to our dedicated Procurement Platform, Scout RFP.

WaterNSW recognises the importance of the protection of human rights and is committed to protecting the rights of our employees and contractors, and those within our supply chain.



Modern Slavery Risks in Our Supply Chain

How we have categorised Modern Slavery risk levels in our Procurement Categories

During 2019-20 we undertook a desktop risk assessment of the modern slavery risks across our procurement categories, utilising the following risk assessment criteria:

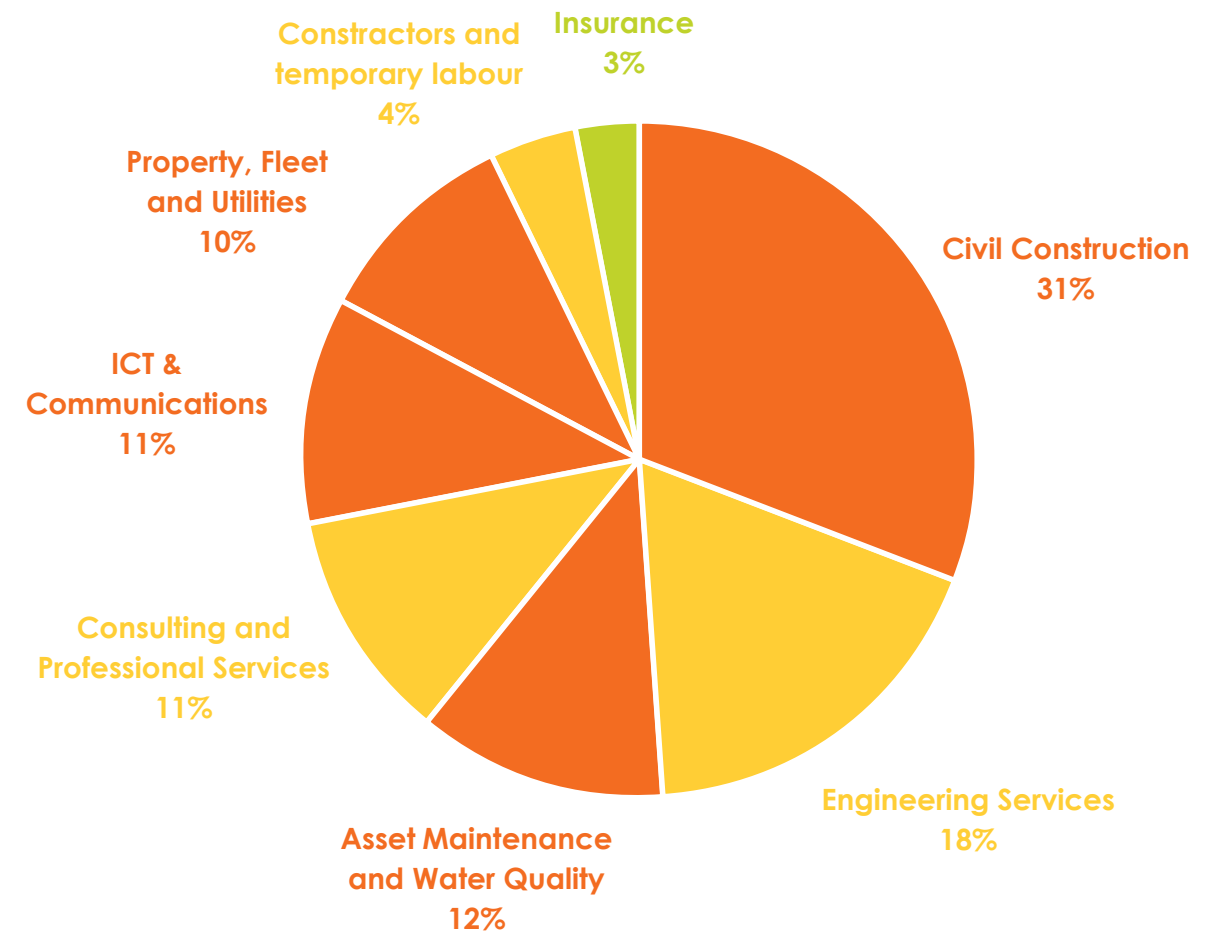
High	<ul style="list-style-type: none"> Industrial / Consumable products (or parts) that may have been manufactured overseas Services that are provided in Australia that may utilise low-skill labour with opaque worker contracting arrangements Services that are provided in Australia that may utilise products that are manufactured overseas
Medium	<ul style="list-style-type: none"> Industrial / Consumable products (or parts) that may have been manufactured in Australia using (at least in part) low-skill labour High skill services, however limited or no visibility of supply chains
Low	<ul style="list-style-type: none"> Industrial / Consumable products (or parts) that may have been manufactured in Australia without low-skill labour Services that are provided in Australia that are unlikely to utilise any low-skill labour or are regulated

This yielded the following assessment results for our procurement categories:

Low Risk Categories	<ul style="list-style-type: none"> Insurance Audit Services Utilities
Medium Risk Categories	<ul style="list-style-type: none"> Consulting and Professional Services Engineering Services Temporary Labour and independent contractors
High Risk Categories	<ul style="list-style-type: none"> Civil Construction Information Technology Asset Maintenance Water Quality field services Property cleaning and security services Fleet PPE & Corporate workwear

Modern Slavery Risks applied to our Procurement Categories in 2019-20

Applied to our 2019-20 spend profile, our risk exposure to modern slavery looks like this:



Description of Modern Slavery Risks in Our Supply Chain in 2019-20

The below table details WaterNSW's procurement spend by category, in order of spend materiality, and the source countries, desktop-assessed modern slavery risk and description, and our procurement approach for that category.

We have applied a conservative desktop assessment for 2019-20, preferring to assess modern slavery risk higher where there is less certainty.

Procurement Category	What this includes	Source Countries	Modern Slavery Risk	Description of Modern Slavery Risk	Our Procurement Approach
Civil Construction	Our civil construction spend includes our renewals and replacement programs, and drought and water security projects.	Australia, China, potentially other offshore countries	High	Civil construction uses a significant level of migrant and base skill labour. There is a significant level of sub-contracting, which means we don't have visibility of the contracting arrangements of all workers to be confident no modern slavery issues exist.	During 2019-20 we primarily used competitive selective tender procurement methods to procure construction works – on a project or program basis. Our top 10 construction suppliers account for 88% of our construction spend. We have typically used Australian Standards 4900 series contracts (amended). We engage Australian based contractors, with some parts (e.g. valves) originating from overseas.
Engineering Services	Our engineering services spend includes design, capital project management, environmental and heritage planning, geotechnical advisory, asset strategies, planning and other general engineering advisory.	Australia	Medium	Engineering Services generally comprises high skill services, however suppliers often utilise offshore labour and we have limited or no visibility of supply chains.	During 2019-20 we engaged engineering services primarily through selective tender and quotation processes. In some cases, where project urgency required, we have engaged suppliers directly. We engage Australian based firms, on WaterNSW professional services contract terms. During 2019-20 our engineering services spend covered over 100 firms, of which our top 10 engineering services suppliers accounted for over 85%.
Consulting and Professional Services	Our consulting and professional services spend includes commercial advisory, operations and management consulting, change management, communications and stakeholder engagement advisory, legal services, audits and other professional services	Australia	Medium	Consulting and Professional Services generally comprises high skill services, however service providers may utilise offshore labour and we have limited or no visibility of their supply chains.	During 2019-20, we engaged professional services and consultants predominantly through select tender and quotation procurement methods. Where the services are less than \$50k or in time criticality circumstances, we may only seek a single quotation. We typically engage under WaterNSW Purchase Order terms and conditions or professional services contract terms, NSW Government scheme SCM0005, or in special circumstances will agree a bespoke contract. WaterNSW's PO terms were updated during 2019-20 to include provisions that address modern slavery.

Description of Modern Slavery Risks in Our Supply Chain in 2019-20

Procurement Category	What this includes	Source Countries	Modern Slavery Risk	Description of Modern Slavery Risk	Our Procurement Approach
Temporary Labour and independent contractors	Pretty much exactly that – temporary labour and independent contractors.	Australia	Medium	We use a variety of agencies for temporary labour, with NSW Government and WaterNSW contract terms – however we have limited supply chain visibility. Whilst we consider modern slavery risk to be low in this category, we do have yet have visibility into the supply chains or contracting arrangements of these suppliers.	We engage temporary labour through recruitment agencies and specialist labour hire firms. We typically utilise NSW Government scheme SCM0007 (being a NSW government Contingent Workforce Scheme). We will engage directly with independent contractors only when they are utilising their own Australian incorporated entity, and on WaterNSW consultancy contract terms.
Information Technology	Including ICT professional services, ICT software and ICT hardware, and telecommunications	USA, India, and potentially other offshore countries, Australia	High	ICT hardware and consumables are manufactured overseas. ICT software and servicing are largely produced / undertaken overseas, often in countries with low minimum wages and low worker protections. Whilst we have contracts with Australian entities, these entities have parents and significant operations overseas, and we don't have visibility of the contracting arrangements of all workers to be confident no modern slavery issues exist.	We utilise NSW whole of Government contracts for our ICT hardware, Microsoft software, data-centre refresh and telecommunications services. We have procured our significant ICT technology projects primarily using competitive market processes, generally using NSW government or WaterNSW contract frameworks. Whilst we engage Australian companies, many have overseas parent companies and offshore operations, such as India, USA. We updated our ICT contract model during FY20 to include obligations pertaining to modern slavery.
Water Quality	Field Services, Laboratory Services	Australia	High	Our water quality (field monitoring) service contracts require only base skill labour for sample collections.	We have long term contracts in place for water quality monitoring field and laboratory services, firefighting in greater Sydney, and source water protection programs. Some of these contracts are with NSW Government entities.

Description of Modern Slavery Risks in Our Supply Chain in 2019-20

Procurement Category	What this includes	Source Countries	Modern Slavery Risk	Description of Modern Slavery Risk	Our Procurement Approach
Asset Maintenance, Materials and PPE Workwear	Our asset maintenance spend includes maintenance and repairs of our water supply infrastructure, hydrometric instruments, meters, chemicals, materials, high voltage maintenance, river operations, and the operations and maintenance of the Wentworth to Broken Hill Pipeline (WaterNSW Infrastructure Pty Limited).	Australia, parts may originate overseas	High	Materials and parts we purchase for asset maintenance, through Australian suppliers, are ultimately manufactured overseas and imported, and we don't currently have visibility all the way up the supply chain to be confident that no modern slavery issues exist. WaterNSW's PPE and Corporate workwear are sourced through an Australian company, who sources the products from overseas. This category has been identified in the media as particularly at risk of modern slavery.	As much of our asset maintenance spend is transactional and under \$250,000, for this spend, WaterNSW purchases under its Purchase Order terms and conditions. WaterNSW's PO terms were updated during 2019-20 to include provisions that address modern slavery. Much of this spend is with local small medium size enterprises, across NSW. Long term contracts are in place for southern catchments meter maintenance, fencing, vegetation and grounds maintenance, and for the W2BH pipeline operations and maintenance (WaterNSW Infrastructure Pty Limited).
Facilities Management	Including leases, land administration, facilities management, security and cleaning	Australia, often use of migrant labour	High	Facilities management including contract cleaning, and security have been identified in the media as being particularly at risk of modern slavery, arising from the base skill requirements and high use of migrant labour.	For our property leases across NSW, we use a combination of Property NSW premises, and private leases. We seek out locations that meet our standards and seek multiple options / proposals before negotiating and contracting with preferred landlords. We have contracts in place for security monitoring services, and office cleaning and facilities services. We typically use NSW Government prequalification schemes to identify proponents to invite to participate in our selective tender processes.

Description of Modern Slavery Risks in Our Supply Chain in 2019-20

Procurement Category	What this includes	Source Countries	Modern Slavery Risk	Description of Modern Slavery Risk	Our Procurement Approach
Utilities	Electricity	Australia	Medium	Energy is sourced from Australian based energy suppliers through NSW Government contracts. Whilst we consider modern slavery risk to be low in this category, we do have yet have visibility into the supply chains or contracting arrangements of these suppliers.	We source our electricity from ERM Power and Origin Energy, under NSW whole of Government contracts.
Insurance	Property, Liability, Workers Compensation, Motor Vehicle, Misc.	Australia	Low	Insurance is high skilled and obtained through icare, NSW Government's self-insurance scheme.	We participate in NSW Government's self-insurance scheme administered by icare. We understand icare procures reinsurance globally and that reinsurers are not based in countries known for high modern slavery risk.
Motor vehicles, plant and equipment	Motor vehicles, vessels, plant such as bobcats and forklifts	Thailand, Japan	High	Motor Vehicles, Vessels and Plant & Equipment are manufactured overseas. Whilst we have contracts with Australian entities, these entities have parents and significant operations overseas, and we don't have visibility of the contracting arrangements of all workers to be confident no modern slavery issues exist.	We source our motor vehicles through SG Fleet, on a NSW whole of Government contract. We buy our vessels, plant and equipment through local dealerships.

What We have Done to assess and address Modern Slavery Risks in our supply chain during 2019-20

WaterNSW recognises the importance of the protection of human rights and is committed to protecting the rights of our employees and contractors, and those within our supply chain.

WaterNSW supports the objectives of the Act to eradicate modern slavery in all of its forms.

We will work with our suppliers to comply with the Modern Slavery Act.

To that end, we are taking a proactive approach to identify and address modern slavery risks across our operations and supply chain.

During 2019-20 we embarked upon our journey to identify modern slavery risk in our supply chain.

- We formed a Modern Slavery Working Group comprising representatives from Procurement, People & Culture, Risk & Compliance and Legal Services business units.
- We rolled out modern slavery awareness training to our Procurement, Risk & Compliance and Legal Services teams.
- We undertook a desktop assessment of the prevalence of modern slavery risk factors in our procurement categories.
- Arising from that desktop assessment, we developed a modern slavery risk assurance questionnaire and sent the questionnaire to sixteen (16) key suppliers across the high-risk procurement categories. The questionnaire responses will be evaluated in 2020-21.

- We have incorporated modern slavery compliance into our key corporate governance policies and frameworks including
 - our code of conduct (which applies to suppliers),
 - our procurement framework, procedures, and supplier onboarding, and
 - our Third party disclosure protocol.
- We have also added modern slavery questions to our procurement tender questionnaires, and modern slavery clauses to our suite of WaterNSW standard form contract documents, including the short form Purchase Order contract.
- We included working with us to proactively identify and address modern slavery risks from our supply chain as part of our newly awarded portfolio delivery management partner contract for the portfolio of large-scale critical state significant infrastructure projects we are undertaking.
- Together with our delivery partners over the next three years, we plan to undertake due diligence and implement preventative measures into contracts with all levels of sub-contractors to seek to ensure there are no modern slavery issues in our civil construction and engineering services supply chains.

Our Policy for assessing and addressing reported modern slavery issues:

In the event of a modern slavery issue being reported – either by our employees or a third party, our policy is that the issue will be referred to our General Counsel, Head of Procurement and Head of Risk and Compliance, where it will be assessed and appropriate investigative and remediation action taken – as determined on a case by case basis.

We will report genuine instances of modern slavery to relevant authorities. We will inform our Board Committee on Audit and Risk of any reported modern slavery issues and actions being taken.

There were no reported modern slavery issues during 2019-20.



How we will measure the effectiveness of our actions to identify and combat Modern Slavery Risks in our supply chain

At WaterNSW, we recognise that managing modern slavery risks is a cross functional exercise and includes the input and coordination from several functions such as legal, governance, risk and compliance, procurement and human resources.

To measure the effectiveness of our actions to identify and combat Modern Slavery in our supply chain, various Modern Slavery Risks and ways to mitigate them are in the process of being considered as part of WaterNSW's annual Corporate Risk Management Plan and processes. In particular, we are considering approaches to monitor and audit compliance by our suppliers with WaterNSW's Modern Slavery objectives on an ongoing basis. During FY20, we have also taken preliminary steps to implement Modern Slavery awareness, including through:

- conducting Modern Slavery training of internal procurement, risk & compliance and legal personnel;
- relationship building with suppliers on modern slavery through our engagement activities, including by having suppliers complete Modern Slavery orientated questionnaires; and
- reviewing the suitability of existing grievance mechanisms with a view to confirming whether they are capable of receiving and dealing with modern slavery related complaints.

WaterNSW is also able to draw on support from its internal audit function, and has and will continue to engage third parties subject matter experts, to assist in identifying opportunities for improvement as part of its ongoing Modern Slavery compliance journey.

Consultation with Subsidiaries

This modern slavery statement covers WaterNSW's wholly owned subsidiary, Water NSW Infrastructure Pty Limited. Water NSW Infrastructure Pty Limited is an asset holding entity for the pipeline from Wentworth to Broken Hill, and does not itself hold staff. It has one contract, with John Holland Trility Joint Venture, which is managed by WaterNSW on its behalf. The directors of WaterNSW Infrastructure Pty Limited comprise an Executive and the CEO of WaterNSW. Given the limited operations of Water NSW Infrastructure Pty Limited and the close integration of its management with Water NSW, formal consultation between the two entities in relation to modern slavery is not considered necessary.

This modern slavery statement has been prepared with review by the WaterNSW Executive Team and Board of Directors, including the directors of Water NSW Infrastructure Pty Limited. For that reason we consider that there has been appropriate consultation and discussion between WaterNSW and Water NSW Infrastructure Pty Limited in preparing this Modern Slavery Statement.

Other Relevant Information: What we Plan to do in 2020-21 to assess and address Modern Slavery Risks in our supply chain

We plan to continue with and build upon the initiatives we commenced during 2019-20.

- We plan to develop a broad-based supply-chain assurance program as part of developing and implementing a new Supplier Risk Management Framework. This will also include a new Supplier Code of Conduct, which will include modern slavery, which all suppliers will need to agree to abide by.
- As part of the broad-based supply-chain assurance program, we plan to roll out the detailed modern slavery questionnaire to all tier-1 suppliers in our "high" modern slavery risk categories.
- We will expand on the modern slavery training undertaken by the Procurement, Risk & Compliance and Legal Services teams, by progressively rolling this out to relevant contract managers responsible for managing major contracts. We will then look to expand this to include minor contracts over time.
- Once we are satisfied with the supply chain assurance for our tier-1 suppliers, we will develop a plan for our tier-2 suppliers and beyond.
- We also plan to investigate subscribing to a supplier and supply chain monitoring service.





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