



## City West Water - Modern Slavery Statement 2019/20

31 March 2021

### Background

#### Social Procurement Working Group

Victorian water corporations (**VWC**) created the Social Procurement Working Group (**SPWG**) with the purpose of taking an industry-leading position in managing sustainability issues and opportunities, namely environmental, social and economic issues and opportunities within their supply chains. City West Water is an active participant in the SPWG.

Modern slavery risks sit firmly among the social sustainability issues the SPWG seeks to manage effectively. With sustainability issues recognised as particularly important, and common across VWCs, a collaborative approach to their management was adopted. As members of VicWater (the peak industry association for VWCs), VWCs leveraged this platform with the objective of building shared understanding of sustainability issues and opportunities, practices to address the issues that were fit for purpose across their diverse contexts (from metro to regional) and consistency in their application across the industry. The introductions of the *Modern Slavery Act 2018* (Cth) and the Victorian Social Procurement Framework confirmed the appropriateness of this approach to expedite and inform effective actions.

The SPWG's objective is to achieve social outcomes through collaboration and collective purchasing power. SPWG representatives are responsible for sharing information, promoting consistency in policy and processes, and supporting strategic approaches in supply chain analysis. SPWG published Terms of Reference on the VicWater website for its program of work. Third-party specialist support has been funded to support this program.

The SPWG developed a Supplier Code of Practice (SCoP)<sup>1</sup> to reflect the commitment of VWCs to work with suppliers to educate, identify and mitigate negative impacts and enhance positive social and environmental impacts of water corporations' activities. It contains a consolidated set of minimum and aspirational expectations and standards for suppliers regarding their workforce and well-being, alongside other areas including environment, business integrity, family violence, gender diversity, reconciliation, disability support and customer. The SCoP is an important tool in creating clear alignment and understanding between water corporations and members of their supply chains. Whilst CWW did not adopt the SCoP at the time, the Victorian government Supplier Code of Conduct<sup>2</sup> which government suppliers are required to comply with, achieves the same or similar expectations.

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<sup>1</sup> <https://www.melbournewater.com.au/about/customer-service/our-customers/suppliers-and-procurement>

<sup>2</sup> <https://www.buyingfor.vic.gov.au/supplier-code-conduct>



## 1 – Reporting Entity

City West Water Corporation

ABN 70 066 902 467

1 McNab Avenue Footscray VIC 3011

## 2 – Entity Structure

City West Water (**CWW**) is one of 19 water corporations established by the State Government of Victoria under the Water Act 1989 and is one of three retail water corporations in metropolitan Melbourne.

CWW provides water, sewerage, trade waste and recycled water services to approximately 446,000 residential properties, 42,000 non-residential properties (including schools, councils and industrial, commercial and small businesses), servicing a population of more than one million people across Melbourne's CBD, inner-city areas and the growing western suburbs.

CWW manages \$2 billion of infrastructure across a service area of more than 700km<sup>2</sup>.

In 2019–20, CWW supplied approximately 103 billion litres of drinking water, 2.8 billion litres of recycled water and collected 96 billion litres of wastewater. CWW continued to support growth in the city, established suburbs and western growth corridor through the construction of 105 kilometres of water mains, 106 kilometres of sewer and 91 kilometres of recycled water mains. CWW assisted in creating 6,349 greenfield lots and 6,919 brownfield lots, in preparation for future suburbs and communities.

Supply chains include construction, information technology, engineering services, professional services, corporate services, customer services and facilities management.

## 3 – Risks

The SPWG engaged a third-party specialist to design a supply chain risk assessment tool - a heat map tool. It was designed with the purpose of assessing the categories of procurement spend of Victorian water corporations for sustainability risks and opportunities, including human rights. 41 categories of product and services covering a typical procurement spend of water corporations were assessed and structured into six portfolios: Asset Maintenance, Construction, Information Technology Consulting (ITC), Equipment and Material, Corporate, and Customer (see below).

Modern slavery risks have been identified in the following six portfolios of typical water corporation procurement spend

- Asset Maintenance portfolio: Ongoing operations and maintenance of facilities (including cleaning), grass cutting, herbicide application/edge treatment
- Construction portfolio: Construction labour (minor and major projects) and offshore engineering services
- Corporate portfolio: Temporary staff, labour hire and traineeship programs, security
- Customer portfolio: Debt collection services, customer research services



- Equipment and Material portfolio: Mechanical and electrical equipment, chemical products
- Information Technology Consulting portfolio: Offshore IT Services

In addition to the above, CWW has identified areas of its procurement spend which are likely to have the higher risk of modern slavery are staff clothing, information technology and external customer service centres.

#### **4 – Actions to assess and address**

The risks in offshore engineering and cleaning services presented the highest human rights risk, including modern slavery, and were prioritised for the development of a mitigation strategy. Additionally, given this was not just a sustainability risk but also an opportunity assessment. An opportunity to address diversity and inclusion in water treatment services was also prioritised for strategy development.

To ensure congruence with existing management systems, a heat map tool was developed to align with a typical risk assessment framework in the Victorian Water Industry. Additionally, the tool searched for alignment with AS ISO20400: 2018 - Sustainable Procurement - Guidance and especially its guidelines around how to use the concept of due diligence as a primary vehicle to assessing and prioritising risks to people, as per the United Nations Guiding Principles on Business and Human Rights (UNGPR), whilst considering leverage and other business considerations to further prioritise areas of focus. To ensure use of the heat map tool captured comprehensive stakeholder input, detailed guidance was developed regarding how the tool works and this was provided to the Group to encourage contribution. By using the heat map tool to assess these portfolios for sustainability risks and opportunities, the SPWG sought to understand where 'hotspots' (greater likelihood of sustainability issues) sat within their supply chains. Although the group undertook the assessment of these six portfolios collectively, the tool itself was designed to be reused by individual water corporations as required.

A pre-assessment of the 41 products and services was undertaken by the third-party specialist that supported the design of the heat map tool. Following this pre-assessment, 55 individuals from across ten different VWCs participated in six workshops - one for each portfolio - to finalise the assessment. This collaborative process involved representatives from functions such as procurement, sustainability, risk and operations, and resulted in heat maps of sustainability issues, including human rights, alongside risk scorings and commentary. CWW participated in the sessions for engineering and water treatment.

In order to effectively address modern slavery risks, it is of critical importance to build the modern slavery capability of the individuals involved in making procurement decisions and managing relationships with suppliers. It was recognised that an understanding of the *Modern Slavery Act 2018* (Cth) (**MSA**) and its intent would be beneficial, so the SPWG co-prepared and facilitated (with a third party specialist) a one-hour webinar to provide fundamental awareness of human rights, modern slavery, the MSA, business drivers to manage modern slavery risks and typical practices in relevant industries. 23 individuals from 12 Victorian water corporations attended this webinar (including representatives from CWW). Following this webinar, a full day interactive action planning workshop was co-prepared and facilitated (with a third-party specialist) to support Victorian water corporations to



develop a draft action plan responding to the intent of the MSA. 28 individuals from 13 Victorian water corporations (including representatives from CWW) attended this action planning workshop and took away a draft modern slavery action plan and associated tools for application within their own organisations.

Following the sustainability risk assessment of the typical categories of procurement spend, two target categories were prioritised to develop a human rights risk management strategy: cleaning services and offshore engineering services. A third category, water treatment services, was also targeted for the development of a strategy to capture an opportunity to increase inclusion and diversity. A dedicated workshop was co-facilitated with a third-party specialist for each category. The workshops involved an analysis of each category, in line with ISO 20400 - human rights risks, supply market dynamics, internal stakeholder issues, and cost implications - as well as the drafting of a fit-for-purpose strategy to collectively address human rights issues with these industries. 19 participants from 11 water corporations participated in the cleaning services workshop 24 individuals from 12 water corporations participated in the offshore engineering services workshop. The decision was then made to pilot the draft collaborative strategy on cleaning services as a priority, given this is a common procurement spend across all VicWater members, unlike offshore engineering services.

The activities, insights and progress of the SPWG have been shared at various events and forums to encourage other organisations and industry associations to engage in similar programs of work including the OzWater Conference in 2018 and the VicWater Executive Forum. This type of engagement of external stakeholders is important for enabling mutual sharing of experience and addressing systemic modern slavery issues across industry.

## **5 – Assessment of effectiveness**

The establishment of the SPWG as a community of practice has enabled increased transparency and knowledge-sharing between VWCs. By collectively identifying and addressing common sustainability issues, including human rights, and working together to capture opportunities, this group is more rapidly able to determine which actions are consistently effective in achieving their desired outcomes, and share the lessons they have learned. By bringing the VWCs together, this introduces a level of accountability to each other to contribute to the progress of initiatives, which sets the group up for a culture of continuous reflection and improvement. The group has worked together develop and implement a collaborative, ongoing program of work with the ambition to take an industry-leading position in how it responsibly manages its operations and supply chains.

The SPWG has fostered a culture of continuous improvement by inviting third party specialists to support in the development of their work program, develop risk assessment tools, co-design and facilitate category strategy development workshops, and co-design and facilitate modern slavery capability building workshops. By seeking external guidance and insight, the Group is challenged and aided to understand where they have been effective in collectively addressing modern slavery in their industry's supply chains, and to identify opportunities to improve their approach.



## 6 - Consultation

CWW has consulted with Western Water (WW) in anticipation of the integration of CWW and WW to become Greater Western Water on 1 July 2021.

## 7 – Other information

Planning for 2020/2021 - the SPWG has continued its engagement with third party specialists to progress their modern slavery risk management agenda. This involves the development and piloting of a Procurement Toolkit which will contain resources and materials that are adaptable to each VWC's context to support them to

- identify labour rights risk, including modern slavery;
- engage with suppliers to understand their residual labour rights risk; and
- manage that supplier relationship to ensure that labour rights are respected.

The Procurement Toolkit development and piloting is scheduled to take place between November 2020 and May 2021, with the pilot applied with different services, including cleaning services. An industry forum focused on the topic of supplier evaluation and engagement is planned to take place in early 2021 with invitations extended to water corporations and/or industry associations across Australia.

A handwritten signature in black ink, appearing to read 'Maree Lang'.

Maree Lang  
Managing Director  
City West Water



## Modern Slavery Overview

Australia now has laws aiming to prevent what is known as 'modern slavery'<sup>3</sup>. The laws apply to City West Water and require us to take steps to mitigate the risk of modern slavery in our own operations and those of others in our supply chain.

### What is modern slavery?

Modern Slavery includes:

• Slavery	• Servitude
• Forced marriage	• Trafficking in persons
• Forced labour	• Debt bondage
• Worst forms of child labour	• Deceptive recruiting for labour or services

Modern Slavery in Australia can be prevalent in industries such as domestic work, cleaning, hospitality, agriculture and construction. Modern slavery risks can be greater in certain geographic areas, in specific sectors and for those working to provide certain products and services.

### What is the Victorian Government's position?

*"The State believes that all workers in its supply chain deserve to be treated with dignity and respect. Suppliers are expected to provide a fair and ethical workplace, which upholds high standards of human rights and integrates appropriate labour and human rights policies and practices into its business."*

### What does the law hope to achieve?

Modern slavery laws have been designed to encourage organisations to be proactive and take effective action to help reduce modern slavery. The aim is to encourage behavioural change throughout operations and supply chains by making larger influential organisations accountable for identifying and mitigating actual or potential modern slavery risk.

One example of this is that any supplier to the Victorian Government must comply with the law. This is expressly called out in the Victorian Government's Supplier Code of Conduct.

### What is City West Water doing?

City West Water is in the process of conducting risk assessment of supply chains, procurement agreements, processes, systems and operations. Procurement and contractual documents are being updated. Please contact the Legal or Procurement teams if you come across documents that needs updating. City West Water must report annually and provide a comprehensive statement. For the financial year 2019/20, this is due on 31 March 2021.

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<sup>3</sup> Modern Slavery Act 2018 (Cth)



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**What can you do?**

Although senior management and the Board will be held accountable for CWW's compliance with the law, it is everyone at City West Water's responsibility to consider and document these types of risks, throughout all our procurement activities.