

Supplementary Question: Parliamentary Inquiry into the Modern Slavery Act 2018 and Associated Matters

Question received 11 December 2019

In relation to the exemption from the reporting requirement for small businesses that employ fewer than 20 employees (cl 10(5) of the Draft Modern Slavery Regulation 2019):

- a. How was the figure of fewer than 20 employees arrived at?
- b. In determining the figure of fewer than 20 employees, was consideration given to:
 - i. the Australian Taxation Office definition of a small business as one that has an aggregated annual turnover (excluding GST) of less than \$2 million
 - ii. the Fair Work Australia definition of a small business as one that has fewer than 15 employees
 - iii. the *Corporations Act 2001* (Cth) definition of a large business as one with a consolidated revenue in excess of \$50 million with 100 or more employees

Answer

The Government noted the potential regulatory burden for small businesses (with fewer than 20 employees) when introducing the Act and committed to introducing mechanisms that would alleviate the impact.

To this end, the draft Modern Slavery Regulation 2019 exempts small businesses that employ fewer than 20 employees from the reporting requirements under the Act. There are many different definitions of a 'small business.' The draft Regulation adopts the Australian Bureau of Statistics definition of a small business, not the definition of small business adopted by the ATO, Fair Work Australia or the *Corporations Act 2001* (Cth). Further, the NSW Government's Small and Medium Enterprise and Regional Procurement Policy reflects the ABS definition of a small business.