

INQUIRY INTO MODERN SLAVERY ACT 2018 AND ASSOCIATED MATTERS

Organisation: Audit Office of New South Wales

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The Hon Shayne Mallard MLC
Chair, Standing Committee on Social Issues
Parliament House
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Dear Chair

Submission Inquiry into the *Modern Slavery Act 2018* and associated matters

Thank you for the opportunity to provide a submission to the inquiry into the *Modern Slavery Act 2018* and associated matters.

In May 2018, the Department of Premier and Cabinet (the Department) urgently sought my office's views on proposed amendments to the *Public Finance and Audit Act 1983* (the Act) through the then Modern Slavery Bill 2018 (NSW) (the Bill). My office's response to the Department stated:

Section 38B of the Act already provides that the Auditor-General may conduct an audit of all or any particular activities of an authority to determine whether they are being carried out effectively, efficiently and in accordance with the law. This would include, if the Auditor-General deemed it appropriate, an audit of compliance with any legislated modern slavery prevention requirements in procurement practices of NSW public sector agencies.

The Act also recognises that Governments will, from time to time, have particular priorities for audit topics. Section 27B (3)(c) gives the Treasurer or relevant Minister the ability to request any particular audit or audit-related service. Section 27B (6A) provides that the costs of meeting such requests will be met by the relevant Minister.

Adding a specific clause on auditing of modern slavery matters, as proposed in the Bill, will duplicate these existing provisions in the Act, and create unnecessary legislative complexity.

While the proposed amendments to the Act do not require the Auditor-General to conduct audits on modern slavery issues, the specific addition of an audit mandate on this matter may create a broad expectation that this type of audit would be regularly included in the Auditor-General's program of work. Without additional resourcing, fulfilling this expectation would limit the coverage of the Auditor-General's mandate over the range of priority issues that could be the subject of an audit.

My views remain unchanged from my office's response to the Department in May 2018.

I note the Government's consultation draft Amendment Bill restricts the specific modern slavery audit mandate and will exclude NSW local councils and NSW state owned corporations from the scope of any modern slavery audits.

If the Parliament chose to retain a specific ability for the Auditor-General to conduct modern slavery audits, my expectation would be that the mandate aligns with my existing performance audit mandate. In essence, my existing performance audit mandate cover NSW state sector agencies, NSW universities, and NSW local councils.

Yours sincerely

Margaret Crawford

Auditor-General for New South Wales