

INQUIRY INTO MODERN SLAVERY ACT 2018 AND ASSOCIATED MATTERS

Organisation: Australian Food and Grocery Industry

Date Received: 2 October 2019

Monday 30th September, 2019



Legislative Council,
Parliament House,
6 Macquarie Street,
Sydney, NSW 2000

Dear Sir or Madam

Re: Inquiry into the Modern Slavery Act 2018 and associated matters

The Australian Food and Grocery Council (AFGC) is the leading national organisation representing Australia's food, drink and grocery manufacturing industry. The membership of AFGC comprises more than 180 companies, subsidiaries and associates which constitutes in the order of 80 per cent of the gross dollar value of the processed food, beverage and grocery products sectors.

The AFGC appreciates the opportunity to provide input into the Modern Slavery Act 2018 Inquiry and supports the implementation of the Modern Slavery legislation to uncover and reduce cases of slavery in the global supply chain.

Due to the implementation of the Commonwealth Act, and as there are only a limited number of NSW food and grocery companies within the \$50-\$100m turnover range, there appears to be little need for unique NSW modern slavery legislation. However, should the NSW Government decide to retain the NSW act, then we would urge the Government to remove any unnecessary duplication by ensuring both schemes contain identical reporting criteria and frameworks.

For further commentary on the NSW draft regulation, please find attached the AFGC submission.

Should you require any additional information, please do not hesitate to contact me on or

Regards

Director, Sustainability



AUSTRALIAN
**FOOD &
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COUNCIL

AFGC SUBMISSION

*DRAFT NSW MODERN SLAVERY REGULATION
| SEPTEMBER 2019*

Sustaining Australia

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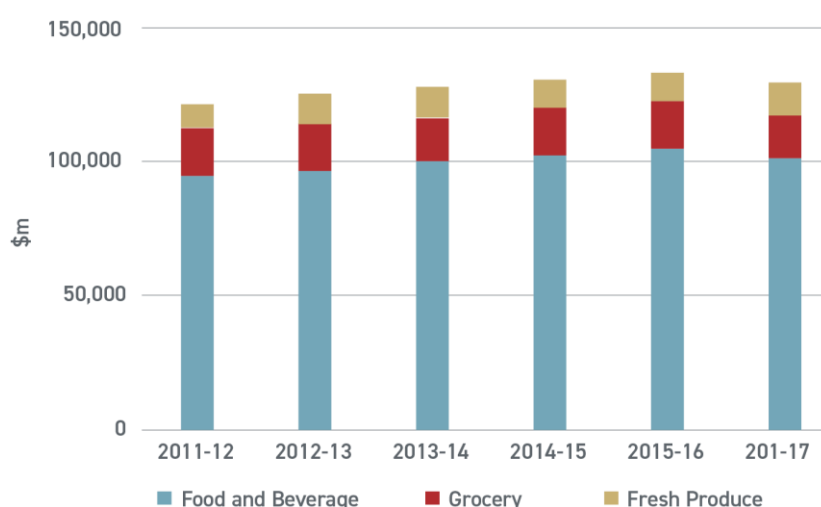
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1. AFGC OVERVIEW

The Australian Food and Grocery Council (AFGC) is the leading national organisation representing Australia's food, drink and grocery manufacturing industry.

The membership of AFGC comprises more than 180 companies, subsidiaries and associates which constitutes in the order of 80 per cent of the gross dollar value of the processed food, beverage and grocery products sectors.

Figure 1.1: Composition of the defined industry's turnover (\$2016-17) (million)



With an annual turnover in the 2016-17 financial year of \$131.3 billion, Australia's food and grocery manufacturing industry makes a substantial contribution to the Australian economy and is vital to the nation's future prosperity.

The diverse and sustainable industry is made up of over 36,086 businesses and accounts for over \$72.5 billion of the nation's international trade. These businesses range from some of the largest globally significant multinational companies to small and medium enterprises. Industry made \$2.9 billion in capital investment in 2016-17 on research and development.

Food, beverage and grocery manufacturing together forms Australia's largest manufacturing sector, representing 36 per cent of total manufacturing turnover in Australia.

The food and grocery manufacturing sector employs more than 324,450 Australians, representing almost 40 per cent of total manufacturing employment in Australia.

Many food manufacturing plants are located outside the metropolitan regions. The industry makes a large contribution to rural and regional Australia economies, with almost 42 per cent of the total persons employed being in rural and regional Australia.

It is essential to the economic and social development of Australia, and particularly rural and regional Australia, that the magnitude, significance and contribution of this industry is recognised and factored into the Government's economic, industrial and trade policies.

2. RESPONSE TO QUESTIONS

General

1. How can the Anti-Slavery Commissioner best support businesses to comply with the reporting requirement under the Act? What guidance would businesses find helpful in preparing their statements?

AFGC member companies with sales between \$50 and \$100M per annum would benefit from the use of examples or a pro forma reporting template upon which to base their initial report. Examples provided in the Commonwealth Guidance document have proven beneficial for AFGC member companies.

Preparing modern slavery statements

2. Does the option of preparing joint statements provide businesses with enough flexibility to accommodate their different circumstances and corporate structures?

The AFGC supports the New South Wales option of preparing joint statements in line with the Commonwealth regulations as this alleviates unnecessary duplication when reporting.

3. Should the NSW scheme enable voluntary reporting from businesses falling below the \$50 million turnover threshold and who choose to comply with its requirements?

As the aim of the Modern Slavery Act is to uncover and expose case of modern slavery, the AFGC believes it would be beneficial if businesses below the \$50M threshold were able to report voluntarily.

Publishing statements on a public register

4. What are stakeholder views on the public register, and what functions could it include?

The AFGC believes it is critical that the New South Wales public register highlights for readers that the intent of Modern Slavery reporting is to uncover cases of slavery and work towards its removal over time and that company reports highlighting cases of slavery should not be used to name and shame as this undermines the intent of the Act and risks driving slavery underground. As stated on page 16 of the explanatory paper, The Commissioner will honour the effectiveness of an organisation's due diligence if they succeed in exposing modern slavery in their operations and supply chains, and initiate work on a plan (that may need to be quite long-term) to address that problem.

It would also be beneficial to reporting companies and users of the public register to highlight reporting deadlines to:

- a. avoid companies failing to report on time, and
- b. highlight to observers that different companies will report at different times based on their financial calendars.

Similarly, providing a link to the Commonwealth website and list of NSW companies reporting on commonwealth site will reduce confusion of all site users.

5. What would be the easiest way to lodge statements with the Commissioner? Would businesses prefer to upload statements onto the register if this function is made available?
6. How long should statements be available on the register?

To avoid unnecessary administration and to ensure reports are available on line in a timely manner, the AFGC recommends that reports be uploaded directly to the public register automatically replacing and archiving the prior year's report. Making only the current report visible will ensure interested parties are always looking at the current version.

Exemptions for certain businesses

7. What are stakeholders' views on the exemptions in the draft Regulation for voluntary reporters, subsidiaries of parent entities reporting under the Commonwealth Act?

The AFGC supports Clause 10 (1) and (2) whereby entities reporting under the Commonwealth Act are not required to report under the NSW Act as this avoids unnecessary duplication.

8. What are stakeholder views on the exemptions in the draft Regulation for charities, not-for-profit organisations and small businesses? Are these appropriate to reduce regulatory burden and at the same time ensuring businesses take seriously their responsibility to combat modern slavery?

The AFGC supports the reporting exemption of small businesses employing fewer than 20 staff due to the administrative burden this would cause in these organisations. However, as the intent of the act is to uncover cases of slavery in all sectors of society and work towards its removal, any organisation with a modern slavery risk, a turnover greater than \$50M and more than twenty staff should be urged to report under the Act. The AFGC believes reporting should not only be restricted to for profit organisations, but include any medium to large organisation that could harbour slavery within their supply chain, including the provision of uniforms, cleaning, waste disposal, as examples.

Consultation

9. What communication channels can the Commissioner use to raise awareness of the Act's requirements and effectively engage with businesses?

The AFGC and member companies would welcome communication updates via subscriber email updates, on-line newsletters, or communication via associations.

Monitoring and evaluation

10. How should the Commissioner allow for businesses and civil society to provide feedback on the effectiveness of the reporting requirement?

The AFGC recommends the provision of a short on-line survey at the time of submission so companies can provide feedback while compiling the report is still top of mind. This would provide the Commissioner with ongoing, real time feedback rather than seeking to engage companies at another point in time when feedback would not be as fresh.

Other

11. What other issues does the Commissioner need to consider to implement a workable system of supply chain reporting under the Act?

SUMMARY:

The AFGC supports the implementation of the NSW Modern Slavery Act to uncover and reduce cases of slavery in the global supply chain.

Due to the parallel reporting required by the Commonwealth Act, the AFGC is supportive of initiatives to remove any anomalies between the schemes and to ensure there is no reporting duplication.

The AFGC also encourages the Commissioner to provide reporting guidance containing practical examples to assist small businesses when developing their initial Modern Slavery reports.

Should you require any additional information, please do not hesitate to contact me on

Regards

Director, Sustainability

