

REPORT ON PROCEEDINGS BEFORE

SELECT COMMITTEE ON HUMAN TRAFFICKING

HUMAN TRAFFICKING IN NEW SOUTH WALES

CORRECTED PROOF

At Macquarie Room, Parliament House, Sydney on Friday, 11 August 2017

The Committee met at 10:00 am

PRESENT

The Hon. Paul Green (Chair)
The Hon. Greg Donnelly
Dr Mehreen Faruqi
The Hon. Natasha Maclaren-Jones
The Hon. Ernest Wong

The CHAIR: Welcome to the inquiry into human trafficking in New South Wales. It is the fifth hearing of the Select Committee on Human Trafficking. The purpose of this inquiry is to examine the role and effectiveness of New South Wales law enforcement agencies, legislation and policies in responding to human trafficking. I acknowledge the Gadigal people, who are the traditional custodians of the land and I also pay respects to the elders past and present of the Eora nation and extend respect to other Aboriginal people who may be present or listening today. Today we will hear from the ethical supply chain consultant, Ms Monica Ramesh, International Justice Mission Australia and Zoic Environmental Pty Ltd. The hearing will conclude with evidence from Mr Andrew Forrest via Skype.

Before we commence, I make some brief comments about procedures for today's hearing. The hearing is open to the public and is being broadcast live via the Parliament's website. A transcript of today's hearing will be placed on the Committee's website when it becomes available. In accordance with the broadcasting guidelines, while members of the media may film or record Committee members and witnesses, people in the public gallery should not be the primary focus of any filming or photography. I remind media representatives that they must take responsibility for what they publish about the Committee's proceedings. It is important to remember that parliamentary privilege does not apply to what witnesses may say outside of their evidence at the hearing, so I urge witnesses to be careful about any comments that they make to the media or to others after they complete their evidence as such comments would not be protected by parliamentary privilege if another person decided to take action for defamation. The guidelines for the broadcast of proceedings are available from the secretariat.

There may be some questions that a witness could only answer if they had more time or had certain documents to hand. In those circumstances, witnesses are advised they can take questions on notice and provide an answer within 21 days. I remind everyone that Committee hearings are not intended to provide a forum for people to make adverse reflections about others under the protection of parliamentary privilege. I therefore request that witnesses focus on the issues raised by the inquiry's terms of reference and avoid naming individuals unnecessarily. To aid the audibility of this hearing, I remind Committee members and witnesses to speak into their microphones. In addition, several seats have been reserved near the loud speakers for people in the public gallery who may have hearing difficulties. I ask people to turn their mobile phones to silent or off for the duration of the hearing. I welcome our first witness, Ms Monica Ramesh.

MONICA RAMESH, Ethical Supply Chain Consultant, sworn and examined

Ms RAMESH: I am an independent consultant, representing myself independently.

The CHAIR: Please commence your opening statement. I note that you have a PowerPoint presentation as part of that.

Ms RAMESH: First of all, I thank the Hon. Paul Green, because I would not have got this opportunity without meeting him. I met him recently and that is how I am here. I am a professional and a person who has worked on the ground at the grassroots with a number of different workers from different factories from different countries, and I think it is very important in my evidence today to share with you and give you a glimpse of what journey I have gone through and how we can take some learnings from that for the Committee. That is what I want to say.

What I am presenting today is basically trying to tell about the global response to human trafficking and modern-day slavery. When I say that, I think everyone in this room is aware of Rana Plaza and what happened in Bangladesh in 2013. This problem is not just Australia's problem but a global problem, and I think we need to look at it from that perspective and see how we can respond to it. The First Lady of Egypt is a very interesting lady who did a lot of interesting work on trafficking 10 years back. I worked a little bit with the company Gap, and Gap had worked with Suzanne Mubarak. She was really inspired and she looked at a very important part of what I am sharing here, which is that we need to look at international cooperation and global solutions for this problem. It is not just something that we can do here. We have to collaborate with others on this.

This is a brief slide on my journey, why I am here and what I am sharing with you: I am a social worker, a social work professional. That is what I did my education in in 1996. From 1997 to 2014 was 16 years that I spent with an Indian non-government organisation [NGO] called Association for Stimulating Know-how. As a social worker I joined this NGO and, very interestingly, this non-profit started working with VERITÉ, which is a US-based organisation, in 1998, and we were hired to do third-party social audits. With a Masters in Social Work I was never taught how to do a social audit—the tools and techniques were not available on how to do it—but this was an amazing experience, I would say.

We were taught about how to get into a facility, how to interact with workers, how to look at the records, how to talk to management and try to get a good glimpse of what was happening in that enterprise or facility over the period of a day or two. But the central part of what I learned in those 16 years was a lot of interesting things about how to engage with the workers and how to engage with the key stakeholder to really understand what is going on because a lot of things are undocumented and a lot of things are visually there, but the verdict of the worker was the most important for me in this whole process of my learning and how to engage with them.

After that I worked with a very interesting company called Eileen Fisher. It is a company based in New York. It is a very interesting company because it is having a lot of sustainability debates. Eileen Fisher is a lady's name, and it is a 30-year-old business doing some phenomenal work on sustainability and things we can learn from. I was working as a consultant with them for the India supply chain.

To run through with you what sectors I have been through, this slide shows some sectors I have worked on, which are leather goods, electronics, apparel, brass handicrafts, automobiles and footwear, and above them are some things that we did over the years. We were engaged in supply chain mapping. We, like I said, did audits, but audits were just the starting point. A lot of work started happening after the audits so that gave you the baseline. The interesting part was the supplier engagement. It was about: How do you work with this enterprise? How do you make it improve? A lot of work happened for private sector engagement. I think that was a beautiful process where we looked at how to build capacity on systems, how to develop certain systems for social compliance and how to strengthen programs for worker engagement and empowerment. That was my journey.

I learned a very important thing when I came here and attended this important conference which had the report on the right side of this slide, *Human Rights and Investment*. The Australian Human Rights Commission, along with EY, did this publication. There are 32 per cent of investors, as they say, who are looking at evidence of human rights and human rights risks, which was not there earlier. So there is a lot of attention given to this right now. There is a pressing need but it is a complex issue, because the supply chains are complex. Especially with globalisation we really do not know what is getting made where—the shirt I am wearing, the scarf, the tea I am drinking or the cell phone I have. There are so many different players in this and that makes it very hard. That is something that is important.

My main submission today is some of the solutions I have seen here and also some of the solutions that we can learn from as a country and as a State. The first one I would like to share is about the whole area of awareness raising. Awareness raising has been a particular tool that has been used. From my perspective as a professional who has seen that, I feel awareness raising is needed at two important levels. One is definitely the community level where all these migrant workers and the workforce are from. The second important level are the consumers because they are really consuming everything. How do they get more available? Those two ends are really important. Another important best practice has recently been done in companies like Target, and Kmart also shared it. A lot of companies are now sharing where the products are getting made. They are publishing their factory lists. That is a good start to understand where the sourcing is from.

A lot of effort has been made to use eLearning tools. A lot of work is happening around looking at how we can create these tools that can help people to really understand the problem. A lot of people still today, and I meet them in Australia also, really wonder if slavery or trafficking are words that really exist here or are happening here. I think that is where we need to create some learning tools for that. An important part of my work has been this. I have been basically from a non-profit but I have engaged a lot with business. The major learning that I am bringing to this table today is that there is a lot of scope for engagement with business. There is definitely a place for naming and shaming but we need to go from there to engagement and work along with business to see how we can create a solution for this huge problem that we are facing. There is a variety of things we can do—right from looking at the risk assessment to looking at how we map out, monitor and what corrective action we look at. A lot of work can be done to prevent this problem that is happening. That is my submission.

Business cannot do it alone so we do need a lot of partnerships. This is another word that I feel is important for the whole problem—we definitely need to collaborate. This was a very important method that I learned about recently that I will share with the Committee. The Danish Institute for Human Rights came up with a very interesting methodology called a collaborative approach to human rights impact assessment. They felt that a lot of places, non-profits, civil society, trade unions, everybody is doing their work in isolation on their own. If these assessments are done in a collaborative manner, with all the stakeholders together, it will really build trust and build a better ownership towards the findings. That is how we will be able to do a better report. I think that is a very interesting piece of work. This was a two-year research that they worked on. Two examples that I am sharing you are about Verite, an organisation based in the United States, and a Hong Kong-based organisation. Both of them are beautifully fighting slavery in partnership with corporations. That is another role model.

Mekong, for example, has created a cluster of companies per sector. They engage with them. They are using a lot of the companies resources, intelligence, people and volunteers. These are all issues around trafficking and slavery. So that is a very interesting thing. Similarly, Verite is a very interesting organisation. It is based in the United States but a lot of tools and knowledge they provide is very valuable for this whole issue globally. Before I close I just want to share something very important on government procurement. There are a couple of important things happening around the world. First of all, I have learned about the Swedish example. The Swedish County Council, which is a Swedish Government county council, are basically sourcing some surgical goods from Pakistan.

The beautiful thing is when they started working with this country and the surgical tool industry they did a very interesting investigative study. Here again my learning is that there was a partnership between government and the Swedwatch, which is another non-profit. They got together and started working here. Now they have published a whole report on what the experience has been in Pakistan, how they have improved situations. The work started in 2014 and in 2017 we have a whole lot of interesting evidence here of how they made the improvement. This is the county council, which is the Government.

If you look at the whole example of how Verite is working with the State Department Office in the United States, in terms of combating trafficking, they are looking at this interesting website—the responsible sourcing tool. Anything anybody needs, any government needs right from the start to finish they have tools available. They have tools to look from having a code of conduct for the supplier to a contract, which has a clause, to how to monitor and how to report. There is a plethora of resources available there. I think we should look at that for learnings. Another example I would share would be this whole combating trafficking in human beings, which is another initiative happening in the secretariat in Vienna—the Organisation for Security and Cooperation in Europe. They are doing some very interesting work also on trafficking.

What I am trying to submit here for the Committee basically is that there are a lot of learnings out there and we can really learn from them, replicate them and see how we can make a change in this whole global issue. We have to work along with different stakeholders. In some places I am not seeing a lot of collaboration with civil society and government in my experience globally—not just Australia. There is a lot of antitrust, a lot of

mistrust there between the parties. First, if we get together we can resolve a lot of issues—I know the time is going so I am going to finish—and, secondly, engagement with the actual people who are invisible like the workforce is really important. A lot of people in Australia cannot speak English but I am hearing that they are supposed to speak English. The other side is that we have to go down to their level in their language if we need to understand their problems. I think that is key. I am feeling that is something that we need to do. We need to engage with the workforce here. We need to understand where they are coming from, go to their level, really understand their problems and then sort of respond to it. That is my big submission today and that is where I will close.

The CHAIR: Thank you for your comprehensive presentation. We are so pleased that you have been able to appear before the Committee this morning. The Committee has heard evidence about slave proofing our supply chains. The concern is how far companies can reasonably go back on their procurement policy. For example a company might say, "We have gone as far as we can. We generally cannot guarantee beyond this point as to being slave proof." I understand there is a long process in some product supply chains. I noted that one of the photographs in your presentation was of a sweatshop. How far do you go that far back to know that somewhere across the world a product, or a component of that product, has not been produced through slavery? What would be considered reasonably acceptable for corporate structures to say they had gone back a reasonable way?

Ms RAMESH: That is a very good question. The most important thing is the willingness and the decision by the governments to do this. I worked with the company Eileen Fisher—I have given you examples—and the scarf I am wearing is from there. As an example, I worked with Eileen Fisher in India. They went down to the community they sourced this from—this is not the particular one, this is from Jabor. We went to West Bengal. What happened was, in West Bengal they actually were sourcing for eight or nine years a particular scarf and that scarf was coming from there. They said, "Let's figure out what is happening. Let's try to understand." The suppliers initially were a little hesitant to share—one supplier thought that they were going to take over and go directly to the weaver. That threat was there so she wanted to bring a lawyer along with her. The client was like, "I am going to go with the lawyer."

That did not happen. They beautifully engaged the whole community. Eileen Fisher started a project called the Choose Handloom project—they work on weaving. They picked up the catchment area of 12 villages, which had 600 weavers. Many of them would have worked with them seasonally. Then they started a whole development project with them. They are slowly trying to understand. They still do not know, and they are sometimes surprised about where this product is from. They try to work with the particular community to engage with them. I was managing that project in India, so worked closely with the weavers—it is still on—to understand exactly, not just about the weaving but about arsenic in the water, the problems related to reproductive health, the problems related to their payments, and the piece rate. Once they got into the community they were really able to learn a lot.

I think it is the willingness and the vision of the corporate and then it takes you there, really. Believe me, it is not so hard. There are different levels of business, and sometimes it gets very difficult. I will give you another example: Conran Shop. Terence Conran is a big company from the United Kingdom [UK]. They came searching for children in the supply chain because they were making brass products in Moradabad, which is a small place. They came looking and asked, "Where is this product getting made?" They knew that there were children involved. They engaged with the non-profit again where I worked, ASK. We had a project called Sanskar. We went to the communities with the suppliers to find where the children were working, and they started another development project there. They said, "Let us work with these people." There are examples out there that we can learn from, and it is not hard if you make the commitment as a business.

The CHAIR: When I met you and heard about your work you told me about an audit that you were conducting for an aged care facility. Could you quickly summarise what you were doing with that audit?

Ms RAMESH: I am just signing contract with Salvos Legal. Along with Salvos Legal and the Salvation Army, we are planning to do assessments of the supply chain of Aged Care Plus, which is the Salvation Army service. It is very interesting how this journey happened. The Freedom Partnership has been working on the whole modern day slavery issue. Jenny Stanger is leading that. An idea came to her—how we can become a role model—even before everybody else did that. We submitted a proposal, which has been approved. I am going to start work next week. We will look at the whole procurement part of Aged Care Plus. There is a very recent standard called ISO 20400, which is about sustainable procurement; it is guidance on procurement. We are going to look at benchmarking that and we will look at the entire procurement at Aged Care Plus to see how that goes. It is an assessment that we have called for.

The Hon. NATASHA MACLAREN-JONES: Throughout your presentation you talked about collaboration partnerships and there were some challenges, there was mistrust. What do you see as the challenges, particularly ones that can be solved between government and stakeholders to address the issues?

Ms RAMESH: We can definitely moved along together slowly. Both the stakeholders have certain perceptions about each other and certain biases. If we can pilot a few things together and take baby steps, if we work slowly together and get to know each other better, we will slowly gain the trust. Again, the example of Sweat Watch and the Swedish government is amazing. Sweat Watch is an independent organisation that does investigation. They collaborated for this Pakistan report, and that is amazing. We will have to figure out slowly what we can start doing together. If investigation is the strength of the other party, let us engage them for that, let us engage them to do an investigation that we need to do. That is the kind of thing I am looking at; I am looking at our core strengths and then collaborating in that sense.

The Hon. ERNEST WONG: Thank you for a very comprehensive report, particularly on the supply chain issue. You have given many examples where the Government has provided incentives for investigating the supply line. A lot of companies will have incentives to put in place a very good procurement policy ensuring that down the line there is no breach of the human trafficking law, but enactment is always the issue here. These days many companies are global. Many companies will not be able to afford to get down to the bottom of the chain. You mentioned that the Government was able to take the initiative to look into all of the companies down the supply line. How much of the resources or the responsibility should come from the Government, and how will the Government be able to work with industry to share that kind of responsibility?

Ms RAMESH: That is a great question. Again, I would go back to collaboration. I will give the Committee an example of Sedex. Sedex is a platform. It has more than 40,000 member companies. They share an audit platform called SMETA, which is the Sedex Members Ethical Audit. There is visibility of different companies on the same audit. I might be sourcing from Indonesia, or Taiwan, or China, or Pakistan, but I can see that report online if I am a member of Sedex. So there is collaboration to share the administration cost of going to the factory again and again. I have been to many factories where they are saturated with audits. They will let you come again. When I am doing this he shows me the whole schedule of auditing, and it is exhausting for me to look at it. A lot of collaboration is happening at the company level.

I work with another interesting group called the Gap. Nike and World Bank came together to do a global alliance project. Again, they collaborated with World Bank and the two companies to do improvement programs together in supply chain. I think collaborations will happen at the industry level. The Government could be a role model by doing its own procurement and supply chain assessments and show business that this is how it can be done. That will be a great support and an inspiration for business to consider. That is where I see a lot of inspiration.

The Hon. ERNEST WONG: When you mention auditing, we are talking about supply lines in a lot of the developing countries. They would not have a standardised or globally accepted auditing system, or any auditing system. You are talking about the company itself auditing the factories supplying it.

Ms RAMESH: Absolutely. A lot of money being spent globally and effort is being made privately by the industry to do this monitoring. For example, in India, where I was working, there are many issues with law enforcement; there are many loopholes and a lot of corruption. There are many good practices and good laws. We have a very good legal system, but implementation is an issue. These organisations are funding these missions privately. Believe me, I have been to 25 countries. I have been to Turkmenistan, Madagascar and Mauritius. I have lived in Saipan for a month. I have been to different countries on behalf of the corporation to assess high-risk situations. That is how they do it.

The Hon. ERNEST WONG: Are you aware whether companies in Australia or the Government are doing that?

Ms RAMESH: Yes, I am aware. I have seen the Commonwealth procurement policy. I have seen the New South Wales procurement policy. There is a sustainable procurement clause within your procurement policy, which is awesome. I saw that recently.

The CHAIR: It is sustainable but not anti-human trafficking.

Ms RAMESH: It is sustainable, it covers "social". I think we need to define it more.

The CHAIR: We need to tighten it.

Ms RAMESH: The word "social" is very difficult and ambiguous. We need to tighten it and define it. I learned from these reports, especially the Swedish one, that they looked closely at the social criteria and defined it, and that is when they started the evaluation.

The CHAIR: How would the Committee refine or define a recommendation to make it cover anti-human trafficking or anti-slavery?

Ms RAMESH: Let us break it down and interpret "social" and the way we look at it. If you say "sustainable procurement", we can look at the environment and the social issues. That is two major things. We can define the social more clearly. Because it could mean labour, it could mean ethics, it could be related to slavery issues—forced labour. So what does it mean to us, I think, and that is what the learning I felt from the International Learning Lab is that let us define ourselves what the social word means for us. Look at the evaluation criteria and then go for the assessment of that.

Dr MEHREEN FARUQI: Thank you so much for coming today and for providing excellent evidence to us. I was thinking that if you have strong trade unions on the floor of the factory that that would be a step forward to eradicating slavery. Has that been your experience?

Ms RAMESH: There are examples of trade unions who have done some interesting work, but there are a lot of sectors where there are no unions. Especially with globalisation and the contract work, a lot of, I would say, visible or invisible workers are not part of any union; they are part of a worker committee in the factory. So these people who are not really represented or do not have a voice anywhere are a big number right now. I think that is where we need to engage with them to understand what is going on.

There is an organisation I know in Bangalore called C V Dep. What they did was, because there was no union in the garment sector, they have looked at a garment workers union. So what they did is they went to the community, they worked with several groups and bottom-up they worked with them to make a union of them. So now there is a union in Bangalore which negotiates with the factory, and that is beautiful. So I think we need examples like that where we can create some association of workers and get a bottom-up there if the unions are not able to reach to them.

Dr MEHREEN FARUQI: Obviously you have done so much work in this area, and you gave examples of many tools and resources that exist and also a few examples of where some of the companies are doing good work. In your experience overall, the big companies especially, are they really serious about tackling slavery or is it more like a green wash exercise?

Ms RAMESH: From my experience, there are some very good leadership companies out there. There are interesting companies working on sustainability as a very serious issue—looking at raw materials, looking at where the thing is coming from. I have seen some examples of some leadership companies. I would say Eileen Fisher is one that I worked with. I know Patagonia and Eileen Fisher, both of these two companies are really doing some interesting work.

Dr MEHREEN FARUQI: Any Australian company that you have come across that is doing some good work?

Ms RAMESH: I have heard—I am not really experienced, but I have heard about a company called Ethical, a small company, that works a lot on ethical stuff and organic stuff. But I am sorry I am about five months in Sydney right now.

The Hon. GREG DONNELLY: Perhaps you can take this on notice so you can take it away, think about it and come back. I refer to the language inside government codes or government agreements in principle of dealing with anti-slavery matters. Are you aware of any jurisdictions around the world where the language is quite firm, strong and clear in the codes that they have?

Ms RAMESH: Yes, there are many examples. I would refer you to the responsible sourcing tool, the website I shared with you. There are certain contracts and clauses they have looked at already, which are very interesting in terms of their language and are very important for us to look at if you have a look at examples.

The Hon. GREG DONNELLY: So we would find some examples of individual States or jurisdictions?

Ms RAMESH: Absolutely you will. There is one in Sweden, but the code of conduct is in Swedish, so I think we need to look at translations. But you will find some stuff, I think.

The CHAIR: Are you suggesting we should go to Sweden?

Ms RAMESH: Take me along with you.

The CHAIR: Thank you very much for your evidence; it has been incredibly helpful. I note that you have done a PowerPoint presentation. Are you happy to table that PowerPoint and send it through electronically?

Ms RAMESH: Sure. There are some documents I can send along if you want.

The CHAIR: Is there any problem using any of this PowerPoint presentation in our report?

Ms RAMESH: Not at all.

The CHAIR: Anything that you think is helpful, just pass it through to Sam in the secretariat.

Ms RAMESH: I will send some documents, yes.

The CHAIR: We would welcome that. In light of your evidence there may be some further questions. You will have 21 days to answer them. Sam and the team will work with you if that is the case either way. We thank you very much for your evidence today. It will be a gift that keeps giving.

(The witness withdrew)

KIMBERLY RANDLE, Director of Corporate and Legal, International Justice Mission Australia, affirmed and examined

The CHAIR: Before we commence I thank your organisation in Washington for receiving my wife and me when we visited to study human trafficking. It was most helpful. You can take that back to your heads. Their global operation was most impressive. Do you have an opening statement?

Ms RANDLE: I do, yes. First, thank you for the invitation to address the select committee. I am the Director of Corporate and Legal for International Justice Mission Australia [IJM]. I am a lawyer by background and a mother of two young girls. We are so grateful that you have chosen to make the issue of human trafficking a New South Wales Government priority. The Committee should be commended for their commitment in recognising the seriousness and urgency of addressing growing forms of human trafficking that involve people and businesses in New South Wales.

Today we want to talk to you about a form of human trafficking—slavery and slavery-like practices—that not only affects children around the world but also affects children right here in New South Wales. We come to you describing a form of human trafficking that is increasing at an alarming rate—the cybersex trafficking of children. We also come to you with a solution. Our topic today is deeply difficult. Today we are going to take you to places that are graphic, confronting and traumatic. I wish it were not so, but this is not the time for wishful thinking. The task before us today is to look this evil in the eye and to act—to act on behalf of the child victims of human trafficking that we have been tasked to protect.

Cybersex trafficking is the live streaming and sexual exploitation of children viewed over the internet. This type of sex trafficking was unimaginable before the digital age. The crime is distinct from traditional forms of trafficking; it involves different criminals and different, often younger, victims. The organisation I work for, International Justice Mission, is the world's largest international anti-slavery organisation. For the past almost 20 years we have been working to protect the poor from violence. A primary focus of our work in Australia is assisting efforts here and abroad to combat this devastating new form of modern-day slavery.

To explain what cybersex trafficking is and looks like, I want to introduce you to one of IJM's clients, who, for the sake of anonymity, we will refer to as "Marco". If you met Marco today you would see a joyful, energetic seven-year-old boy who loves super heroes and playing freeze tag with his friends. But when the IJM team first met Marco in the Philippines his life was drastically different. We first learned about seven-year-old Marco in 2015. A man living in London had been convicted for sexually exploiting children via a webcam. British officials seized his computer and uncovered more than 4,000 abusive images.

They followed a digital trail back to a cybersex trafficking ring in the Philippines, and this is where we met Marco. The British man had paid Marco's mother to set up a webcam in the privacy of her home so that he could direct the live sexual abuse of children over the internet. The demand for these shows spread to customers in 19 other countries, and Marco, his two-year-old sister and his cousins living next door found themselves trapped in a global network of abuse. After a six-month investigation, International Justice Mission [IJM] and Filipino authorities assembled a team and entered the slum where Marco grew up.

Dawn was breaking and it was drizzling rain. IJM social workers were there with umbrellas and comforting words to escort Marco, his two-year-old sister and his three cousins to a van. Police gathered evidence and snapped photos of the dingy closet where the computer and webcam which had documented so much abuse stood. Marco, his sister and his cousins are living together as a family in a government shelter. We helped the children transfer to new schools. They love to dance, laugh and play. Marco's favourite game is acting like superman.

While Marco is now safe at a government after-care shelter, the story is far from over. Tragically Marco's mother is one of the main suspects in the case. A trial began in early 2016 against her and two other women who were apparently grooming and exploiting their children in exchange for easy money. This is the reality of cybersex trafficking. More than half the victims of cybersex trafficking that IJM has rescued have been aged 12 years or younger. The youngest victim that we have been involved in rescuing was just three months old. A very recent case in New South Wales demonstrated that perpetrators of cybersex trafficking are sitting in the comfort of their own New South Wales homes. In late March a Sydney man pleaded guilty to crimes relating to cybersex trafficking. During his sentencing hearing, the media reported that this Sydney man stated to the court:

Basically I previously rationalised the fact that because I wasn't physically present I wasn't physically committing the offences as such—I was somehow not a part of it ...

Before the proliferation of the internet, customers had to physically go to a bar or brothel to purchase sex from victims who were often young women or teenagers. Now paedophiles and abusers located anywhere in the world but typically from Western countries can exploit children without ever leaving the comfort of their own home. Paedophiles and predators can now search online, sometimes using social networks such as Facebook, and connect with adult traffickers offering to set up sex shows. The paedophile then wires a secure payment online, anonymously and easily, to the trafficker in the Philippines. In our experience, the trafficker, like Marco's mother, is often a close relative of the children about to be abused.

The trafficker then finds a location with an internet connection and a webcam or sometimes just a mobile phone. A live video connection is established, typically using services such as Skype. The children, boys and girls, some under two years old, are then abused and forced to perform sex acts in front of a webcam. I will not go into the details of this horrific abuse at this time. Suffice it to say that, though the customer views the exploitation on a computer screen, the abuse is anything but virtual. A real child is being abused in real time. Shielded by the anonymity of the internet, the customer is paying \$20 to \$100 to direct this live sexual abuse. The more abusive the show, the more the customer pays.

The mobility and ease with which this crime can be conducted has meant cybersex trafficking has become a terrifying cottage industry with high profit margins. The United Nations [UN] and Federal Bureau of Investigation [FBI] estimate that as many as 750,000 paedophiles are online simultaneously at any given point in time. The annual numbers of tips regarding online child exploitation to the United States-based National Center for Missing and Exploited Children rose from 4,560 in 1998 to 76,584 in 2006. In 2015 that number was 4.4 million. These trends are being mirrored in Australia.

In February 2015 the Australian Federal Police [AFP] reported receiving 5,617 referrals of online child sexual exploitation in the 12 months prior, an increase of 54 per cent from the period before. Australia—and New South Wales—is deeply embroiled in this growth of cybersex trafficking. As we are seeing with disturbing frequency in the press, it is New South Wales paedophiles that are demanding this increasingly barbaric exploitation of the very young. I will now refer to a quote from Detective Sergeant Kath Ford:

"There's no trend," Ford says. "It could be your next-door neighbour who is a lawyer, or someone who is unemployed. The spectrum is so large."

We know it is happening in our workplaces. This observation alone surely forces us to think hard about whether we as a society will tolerate this kind of abuse in our midst. The growth of cybersex trafficking is also posing a threat to children in Australia. Cases involving Australian children in this kind of online sexual exploitation have been reported. There is evidence that also indicates that there is an association between hands-on sexual offences and child exploitation material. We simply cannot afford to believe that this horrific activity can be quarantined and relegated to a problem "over there"—overseas, not our concern, not our mandate.

Yes, the Philippines is tragically the epicentre of supply, but make no mistake: this is a transnational crime. New South Wales is entrenched in this trade. We are fuelling it and our society and especially our children are only beginning to experience the full ramifications of this entrenchment. There is hope but it will require the action of many, including our political leaders, to combat this horrific crime. At IJM we believe there is a reason to hope. In IJM's work in partnering with local law enforcement in developing countries, we have seen firsthand how targeted, sustained investment in local law enforcement has a dramatic effect on the prevalence of specific crime types.

In Cebu, the Philippines, after four years of collaborative casework with local authorities against the trafficking of minors in the commercial sex trade, external researchers found a 79 per cent reduction in the prevalence of minors available for exploitation. It is time to act, but what must be done? This problem is undoubtedly complex. We are applying the same rigour and collaboration to tackling this crime. We are working closely with local and international law enforcement to see perpetrators and victims rescued and restored. Yet there is overwhelming consensus that much more must be done to address the supply in the Philippines and in New South Wales to stop the demand.

We can foresee a future where this scourge is swept from our societies. We can see a legislative pathway that will dramatically improve our ability to shut down cybersex trafficking. So what is the next step on that pathway? Our simple request today is that you would specifically consider amending the Crimes Act 1900 to address this growing crime. This is the first vital step for New South Wales to crystallise the resolve and deploy the resources urgently needed in this fight. Cybersex trafficking is abhorrent. Predators are deploying their technology and their networks to enslave children in ways that are difficult to comprehend. As elected officials who in many ways have been tasked with guarding the fabric of our society, we ask that you would act to place cybersex trafficking within the legislative framework to combat trafficking and slavery. Children, our

most vulnerable and valuable—our future—are being preyed upon by powerful predators. As I am sure you are deeply aware, our job is to protect them.

The CHAIR: Thank you for that very disturbing opening statement. I acknowledge that yesterday Anti-Slavery Australia, UTS and the Neilson Foundation tabled its report entitled the "Behind the Screen: Online Child Exploitation in Australia", which includes some key recommendations. Today the Committee will make that public at about 12.30 p.m. after its deliberations. We heed your warnings. The Committee has previously taken evidence from former Commissioner of Police, Andrew Scipione, who warned us also, and the next day he was quoted on the front page of the *Daily Telegraph* as stating that the biggest explosion was really cyber sexing and pay per view.

Those were very disturbing comments from the outgoing commissioner. Recently I attended a conference in Brisbane to do with the sexualisation of children and that was even more concerning. It was like a firecracker going off in the air and then exploding into tens of thousands of little explosions. While that looks nice when it is fireworks, it replicates a sort of explosion in cybersex trafficking and pay-per-use views. It is very broad and disturbingly some people in New South Wales are taking advantage of our kids and that is just unacceptable. You mentioned something simple that New South Wales could do, that is, to amend the Crimes Act 1900. Could you clarify exactly what we could do?

Ms RANDLE: Sure. Our first recommendation is that New South Wales introduce an evidentiary provision equivalent to section 474.28 of the Commonwealth Criminal Code. This would make it easier to prosecute cases where a cybersex trafficking offender has recorded their pay-per-view session. It accounts for the fact that victims in the case are often unable to be located and will assist where the offender has specifically asked for a child of a certain age. The evidentiary provision would state that where a child is represented to the accused as being a certain age, it is presumed to be that age, unless proven otherwise.

The provision could also outline whether other evidence is admissible to prove the age of the child and this could attach to the offence of using a child for child abuse material under section 91G of the Crimes Act. There should also be aggravating factors added to section 91G of the Crimes Act to account for specific circumstances encountered in cybersex trafficking cases that heighten the severity of the offence. These include the offence taking place in the presence of another person and offences involving a child under 10 years of age. I am happy to send through some draft amendments.

The CHAIR: Yes, we would welcome that. Thank you. I could ask another 100 questions but I am mindful that other members have questions.

The Hon. NATASHA MACLAREN-JONES: In your statement and submission you said that New South Wales has experienced an increase in cybersex crimes. Is that a general trend across-the-board or is it the view that New South Wales is higher than any other State?

Ms RANDLE: It is certainly not the view that New South Wales is higher than any other State. The increase in New South Wales reflects the increase in the crime nationally.

The Hon. NATASHA MACLAREN-JONES: Another question relates to your suggestions of information and communications technology [ICT] best practice templates. Could you outline what that would involve because you recommend that the Government should look at implementing this across its government agencies?

Ms RANDLE: From the research that we have done we have found that the viewing of child exploitation material is occurring on workplace computers. Out of large samples, the statistics show that about one in every thousand of child exploitation material reviewed by police are being extracted from a workplace computer yet ICT policies do not make specific reference to viewing child exploitation material and the criminal ramifications that arise from that in the workplace so we suggest that the New South Wales Government amend ICT policies to include the viewing of child exploitation material and the process by which the Government will follow should it find that material within the workplace, and that that be rolled out. There are various other technologies that could be implemented to essentially filter that in terms of blocked websites. The Government could certainly be provided with a list of prohibited websites to include in that ICT policy to ensure that they are actually being proactively filtered.

The Hon. NATASHA MACLAREN-JONES: Could you provide that list to the Committee?

Ms RANDLE: We do not have the list of prohibited websites. The law enforcement agents have that list but we can certainly work with you to develop what we would see as the best practice guide or best ICT use policy, if that would be helpful?

The Hon. NATASHA MACLAREN-JONES: Yes, that would be good. If you have something already for our report, that would be good.

The Hon. GREG DONNELLY: Thank you very much for coming along, presenting to us and talking about what is obviously a very disturbing area. Most members would find it almost impossible to imagine that there is a subset of people in our community who are consumed by wanting to pay for such terrible things. What jurisdictions around the world, be they jurisdictions within a country or regions and nations themselves, have done the cutting-edge legislative work to deal with this issue and have had some success in passing those laws on to their statute books?

Ms RANDLE: We have not actually had the opportunity to do comprehensive comparative studies but we could certainly take on notice some legislative provisions dealing with specific aspects to address these issues. For example, the American legislation has done a very good job with Internet service providers responding to child exploitation material and subscribers of their networks viewing child exploitation material. As to excellent legislation addressing that, America has, but we have not actually had the opportunity to do a comprehensive comparative study.

The Hon. GREG DONNELLY: Sure, but perhaps you can send through some reference?

Ms RANDLE: Our proposed amendments are based on the somewhat brief comparative research that we have been able to do and draft—

The Hon. GREG DONNELLY: It is always good to receive that, if some work has been done elsewhere. The terminology "child sexual abuse", is that a phrase that is starting to take on a definition of what is commonly understood to be the case?

Ms RANDLE: I think that that is what we would say is the main distinction. There is a significant difference, which is not accurately reflected in the legislation, of viewing child exploitation material that has previously been referred to as child pornography, so viewing child pornography as opposed to the actual commissioning of child exploitation live on a pay-per-view basis. Where the legislation deals with viewing the reproduced images of child exploitation material, what the legislation does not address is the actual commissioning of the live sexual abuse of the child in real time on a pay-per-view basis.

The Hon. GREG DONNELLY: As ugly as it sounds that this is being commissioned on actual children, we are probably not that far down the track where you could imagine the payment of watching what might be a virtual image of a child; in other words, not actual having a child and actually doing it to the child but the image of a child. I know it sounds perverted but it might give some comfort for people who want to engage in this to sort of view it, not with an actual child but with a computer animated child or a virtual child. Maybe you might think that through as well—I know it is perverse—if one is thinking about trying to keep up with or ahead of some of these terrible things?

Ms RANDLE: That is right.

The Hon. GREG DONNELLY: You deal with something which is a shock and then you imagine, "Where to next?"—constantly looking at what might be the next avenue of exploitation.

Ms RANDLE: Certainly the language of the legislation could provide for ongoing technological developments.

The CHAIR: It is a fantastic point. We saw a car-racing video that had domestic violence and rape in it, and teenagers accessing that sort of program think that sort of behaviour is normal—that even though it is in the cyber world it is acceptable. It is a very good point about animation. If you have any further research on that, or if you know of anyone who is dealing with that level of legislation, I think we need to seal that off as well.

The Hon. ERNEST WONG: Thank you very much for a very comprehensive submission, particularly on cybersex. I was very interested in an extension of the answers you have given to the Chair and to the Hon. Greg Donnelly. On page 18 you elaborated a bit more about the legislation of the Australian Commonwealth and State legislation. You said:

... there may not be a need to reform the state offences.

We have very comprehensive legislation with regard to child pornography. Is it possible for you to brief us about how we are going to expand it to put the human trafficking element into it? For example, if we are not talking about a child but a 20 year-old girl who is not willing to do pornos but is forced to do them. When people watch it, of course, it does not fall under the child exploitation legislation; however, it is still human trafficking. How do we tackle that?

Ms RANDLE: Yes. That is the basis for one of our other recommendations about these live-streaming offences, whereby somebody sitting in New South Wales is paying to view the sexual exploitation of a real person overseas. If you look at the United Nations protocol that actually constitutes human trafficking. What I would say to your question is that the New South Wales legislation recognises that this pay per view exploitation actually constitutes a form of sexual servitude and human trafficking, and look further into how the legislation can accurately reflect that this is a new form of human trafficking.

The Hon. ERNEST WONG: Are you aware of any of those operators in Australia or in New South Wales facilitating this kind of exploitation? For example, someone going overseas, asking people to do this kind of live show and selling them in Australia? Do you know of any of those or do they just operate from overseas?

Ms RANDLE: That would certainly be a question for law enforcement agencies. The case that I referred to was New South Wales based. That was the case of Beattie. He was facilitating it from New South Wales, Australia.

The CHAIR: I acknowledge Anti-Slavery Australia's supplementary submission 9A in the area 3.2, classification of child exploitation materials, which goes as far as to use the words "animated or virtual depictions of children engaged in activities covered by categories 1 to 5". For the benefit of people in the community, there is a submission if they want to look further into that.

Dr MEHREEN FARUQI: Thank you so much, Ms Rundle, for your submission and for providing evidence. What we have heard before and today, and what we know of, is deeply disturbing. I am interested in a couple of aspects to do with services which facilitate this sort of child cybersex trafficking. I am thinking about banks and online remittance services. Is there something that can be done at that end to act swiftly on this?

Ms RANDLE: Certainly. In terms of evidence of these transactions taking place, Austrac regulates that, but as we look to developing a best practice guide there is so much opportunity for the private sector to take responsibility for active monitoring of that. I think that would be a fantastic recommendation—that onus is placed on financial institutions to be proactively contributing to combat this by tracing the money.

The CHAIR: I think it is worth commenting that 53,000 alleged money laundering transactions with the Commonwealth Bank is appalling. Just think how many of those—if Austrac was to track them down—would be human trafficking or sexualisation of women and all sorts of trafficking or slavery issues. It would be very interesting where that investigation goes to trace those transactions.

Ms RANDLE: It was interesting as we looked into it because we want to be careful because there is so much legitimate foreign currency being remitted to the Philippines. When we have looked at trends as to what is legitimate we have looked at those legitimate transmissions as opposed to those transmissions of small amounts being remitted for the purposes of cybersex trafficking. One of the things that we have found has been that often the surname of the person remitting the money has showed a trend—the amount being very small, random amounts. That has often been related to transmissions for cybersex trafficking as opposed to \$1,000 each month going back to the Philippines. We have learnt a lot from that and I could also forward those lessons to you, as they are developed.

The CHAIR: I did have the privilege, in Ottawa, to meet with Fintrac and see some of the great work that it is doing on human trafficking. My understanding is that it meets with Austrac on occasion.

Ms RANDLE: Yes, in the Fintel—

The CHAIR: So there is no doubt that these organisations are doing terrific work to pin down the patterns of spending and money laundering and all sorts of things. I think we are really blessed that Austrac was able to pick up the 53,000 alleged transactions of money laundering for whatever purposes they may have been used.

Dr MEHREEN FARUQI: My next question is about platforms like Skype. What culpability do you think they have for cyber trafficking? What can be done by them or by governments to force them to do something?

Ms RANDLE: We do not want this to err on the side of a privacy debate. We want internet service providers to adopt very strict processes for collaborating and working with law enforcement agents to assist in investigation of this. Currently, under the Commonwealth Criminal Code the section that places that responsibility on internet service providers is unclear. We want the right information being provided to law enforcement agents which assists them in identifying the subscribers and their location—who they are and where they are and their IP addresses.

Dr MEHREEN FARUQI: Have you developed some kind of guidelines for those strict protocols?

Ms RANDLE: Yes. We are working with the Australian Government to see amendment of the Commonwealth Criminal Code in relation to that.

Dr MEHREEN FARUQI: Thank you.

The CHAIR: In light of your experiences, are there any other issues that the New South Wales could take on board in addressing cybersex issues?

Ms RANDLE: In our submission we speak of the need for the New South Wales Government to develop a best practice information and communication technology [ICT] policy that includes very specific strategies to address—

The CHAIR: Is there a template for this?

Ms RANDLE: I can certainly provide you with one.

The CHAIR: That would be really helpful.

Ms RANDLE: The other thing that we can draw on in this inquiry is in relation to the New South Wales Government investigating ethical supply chains and protecting the vulnerable, whether they be children subject to a form of cybersex trafficking or other issues in relation to ethical supply chains. What our founder, Gary Haugen, says in relation to the Government taking this into account is that any type of slavery will not be eradicated from electronics, phishing or any other industries until national and local governments protect workers, including migrant workers, by enforcing laws against forced labour and trafficking, and sending slave owners and traffickers to jail. IJM says that governments interested in eradicating slavery from their countries' supply chains should partner with civil society organisations that are working on the ground to ensure that laws against any type of slavery are enforced. We see a real opportunity for the New South Wales Government to collaborate with local law enforcement to ensure that perpetrators can no longer act with impunity. I think a collaborative approach is definitely necessary to address this issue.

The CHAIR: Without pre-empting the outcome of this Committee's deliberations, one of our goals is to have an independent anti-slavery commissioner. I believe that New South Wales could lead the way on this, and that will be part of our deliberations. We could lead by example, as New South Wales normally does. Do you think that such a commission could play a role in working with agencies here and overseas to lead to further arrests of those using slave labour in the supply chain?

Ms RANDLE: Yes, we would certainly support that. We think that would be a very effective step in addressing modern-day slavery and also provide for the collaboration that many submissions to this inquiry have raised as a very important issue in combating modern-day slavery.

The CHAIR: In my experience as I travelled through the United States investigating human trafficking, a lot of agencies, both government and non-government, are not aware of the existence of other agencies. Do you have a view on what New South Wales could do to make sure there is a centre of excellence and everyone is on the same page? That would ensure that we would have access to all the good work that different agencies are doing.

Ms RANDLE: Yes, I certainly think that there is room for the function of an independent commission to collaborate data and provide a forum for different stakeholders to have more of an open dialogue, essentially. In my experience, there is certainly not resistance to collaboration; it is more the case that there are not the necessary resources for as much collaboration as everybody would like. It would be really important that, if an independent commission was set up, a data fusion resource was established as part of the resource. Earlier in today's hearing reference was made to some type of information epicentre, I guess, where data is collected, because all of the experience of our NGOs is collected in data. We have baseline studies, mid-line studies and end-line studies and that is where the information of the effectiveness of changes and models is kept. If there was a method for data from different organisations to be fused and reused by each other, it would be largely accepted that that would be a good way forward to partner with local law enforcement agents to see perpetrators no longer acting with impunity. That would be a very necessary function of an independent commission.

The CHAIR: Given the priorities and sustainable goals of the United Nations, one would think it would be helpful to accept that the latest cutting-edge information globally should also be part of that data collection, would it not?

Ms RANDLE: That is right.

The CHAIR: The United States has the Polaris system of tracking forced labour issues, which I think is run by an NGO. People ring this hotline to report human slavery and human trafficking because it is not a law enforcement agency. It seems that a lot of people affected by human trafficking or human slavery have

confidence to ring that line because it is not a law enforcement agency, so they will not lose their visa or be forced to return to their country of origin, where law enforcement officers are normally corrupt. Do you have a view on what New South Wales or Australia should do on this front, given the tremendous success of the Polaris model in the US?

Ms RANDLE: I think that the Australian legislation, as it currently stands, would mean that any independent hotline that was created would have an obligation to report any calls that came through to law enforcement agents. I do not know what effect that would have in terms of being an intermediary between, say, community outreach and law enforcement agents. I probably could not comment on the effectiveness of that.

The CHAIR: I guess a hotline could be more victims centred. The current global approach is more victim centred than law enforcement centred, which has given great confidence to the people who ring in. There is a move away from the process being law first to being victim first.

Ms RANDLE: I know in relation to child exploitation material, the eSafety Commission's hotline has been extraordinarily successful and achieved a similar outcome in relation to child exploitation material. Once such material is reported then the material can be taken down. Similarly, in the UK the SupportLine network has established a hotline for perpetrators of child exploitation material, which they can ring and get counselling. It has been a real deterrent for them. I have seen, as you have mentioned, hotlines work well.

The CHAIR: That concludes this session. Thank you for giving evidence today. We wish you well with your important work. We hope that at the end of this inquiry there will be legislation, because I think it would be wise for this Government to carefully consider legislation in the name of child protection. We may send you further questions on notice, and you would have 21 days in which to respond to these questions. The secretariat would help you with these questions.

(The witness withdrew)

OY-CHENG PHANG, Principal Consultant, Zoic Environmental Pty Limited, affirmed and examined

KYLIE LLOYD, Managing Director, Zoic Environmental Pty Limited, sworn and examined

The CHAIR: Would either of you like to make an opening statement?

Ms PHANG: Yes. Zoic Environmental is pleased and honoured to have been requested to testify to the Select Committee on Human Trafficking. As a consultant working in the area of developing sustainability management programs for major Asian corporations, conducting corporate compliance due diligence within the supply chain for multinationals and helping companies develop due diligence programs, I am heartened and applaud the positive steps the New South Wales Government is taking towards managing this abhorrent issue. Within Australia, human trafficking and modern slavery impacts us through the things we buy and produce.

Understanding why it happens is as important as understanding what measures are required to identify, manage and track this social economic issue. Part of the objectives of the inquiry is to look at practical measures and policies that will address human trafficking in the State. We are glad to see that the Committee is looking into ethical procurement as one of these measures. We hope the Committee will explore how ethical procurement may be used as a framework to develop practical mechanisms to implement viable and effective solutions to identify, monitor and track human trafficking and modern slavery in New South Wales.

In today's testimony, Zoic will be focusing on modern slavery when applied to the supply chain and, to us, this refers to bonded labour, forced labour, child labour and excludes sex trafficking and domestic servitude. In Zoic's view, addressing and mitigating sex trafficking and domestic servitude is best managed through legislation and enforcement, coupled with awareness-raising programs. It is acknowledged that procurement in New South Wales occurs in three areas—State Government, large corporations, and small- and medium-sized enterprises [SMEs]. Between 2013 and 2015, publicly available information showed that more than 150 New South Wales government agencies spent approximately \$25 billion procuring office supplies or general goods supplies from 300,000 suppliers. In 2016, State Treasury data showed that New South Wales procured more than \$50 billion in construction.

These figures show that the State Government has significant impact on the procurement processes in New South Wales. We need to recognise that State Government procurement differs from private corporation procurement in that private companies are able to monitor and strongly control their procurement process. While State Government procurement processes must be able to demonstrate a level transparency and accountability to the general public and taxpayers. We also need to recognise that State Government procurement exists in three main areas—government agencies governed by New South Wales procurement policies and frame work, State-owned corporations which are recommended to follow New South Wales procurement and policies but are not obliged, and local government procurement which functions outside New South Wales procurement.

This differentiation of procurement activities adds a level of complexity when developing a practical framework such as using ethical procurement given that local government procurement has been working on implementing a sustainable procurement framework for local councils and, as of this year, has published a sustainable procurement guide for local governments in New South Wales. The Committee needs to be aware that the remit of sustainable procurement covers an area much larger than that of modern slavery, and sustainable procurement has been defined as a process whereby organisations meet their needs, goods, services and utilities in a way that achieves value for money on a life-cycle basis in terms of generating benefits not only for the organisation but also for the economy and society at large.

Our focus today is to talk about ethical procurement, which has been defined as the promotion of good labour and environmental standards in the supply chain. We will be touching on issues related to ethics and ethical behaviour of companies, including Fair Trading, ethical sourcing, social accountability, social auditing and the like. The use of ethical procurement processes, therefore, can help improve worker conditions in and outside the State through the demand for better governance for procurement with the end goal of creating a supply chain intolerant of any forms of modern slavery. The depth and breadth of incorporation of ethical procurement principles within State procurement then will depend on the objectives of this inquiry.

If the intent of the inquiry is to develop practical measures to address human trafficking as per the terms of reference of this inquiry, then the introduction of ethical procurement may necessitate some restructuring of procurement programs within organisations in the State. This may include the incorporation of product categories developed for ethical issues such as corruption, fraud and bribery. While most companies within the State will have policies and programs to manage issues such as corruption, fraud and bribery, there are not many companies or organisations in the State that have modern slavery policies or programs.

We believe the New South Wales Government should focus, therefore, on the incorporation of modern slavery and human trafficking program requirements into government procuring processes and focus on a framework for SMEs, which make up 96 per cent of businesses in the State. We believe the impending Modern Slavery Act, for which there is a national inquiry, will come up with legislation that will manage the reporting and management requirements of big corporations, but what do we do with the SMEs? They form a crucial part of the supply chain in the State, internally and in the materials that we export.

Therefore, we believe that to implement appropriate measures, the State must first identify its key risk areas within the procurement processes. This is best identified through spend analysis, an analysis of geographical locations where materials are sourced—both internally and externally of the country and State—and engagement with relevant stakeholders. We believe this can be fulfilled through the adoption of the United Nations [UN] guiding principles on business and human rights, more commonly known as the UN Human Rights Management Framework.

This framework will fit into existing management systems within many organisations as it is based on the management principles of identifying, managing, monitoring, and improving—what we commonly know as the plan-do-check-act system. We believe this framework will enable the State Government to manage risks from labour movement and procurement through the creation of awareness-raising and capacity-building programs. We suggest that the State look at the creation of mechanisms to help SMEs identify impacts on modern slavery, human trafficking within their business and the creation of mechanisms to help SMEs remediate and monitor the identified risks. The adoption of the UN guiding principles will also provide a platform for the State so that it is able to demonstrate its progress towards the achievement of sustainable development goals and look principally at the adoption of human rights requirements. We believe that with the development of such a program New South Wales will be able to take a lead position in the management of human trafficking and modern slavery in the country.

The CHAIR: Thank you. That was very comprehensive. We are not wasting our morning by any means: We are getting very concise and helpful information. In your last point you talked about small and medium-size enterprises. As you know, Andrew Forrest will be talking to us via Skype after 12.15 p.m. It is one thing to be a mega corporate that can afford it and another for SMEs. On top of everything else they do, how can SMEs afford for even this reasonable request to be imposed on them?

Ms PHANG: That is our concern as well. Because of the way procurement is occurring with the State—there is State Government procurement and there is corporate procurement—we have talked to a lot of corporations and they are looking at—how would you say?—ways of improving their procurement processes to include issues such as modern slavery or human rights. They are looking in terms of utilising pre-assessment mechanisms such as software to utilise pre-assessments so that they are able to come down on high-risk companies. When comes to SMEs filling out these pre-assessments, it becomes a useful platform where SMEs are able to benchmark themselves as to what they are required to do. But we are not finding that at the moment within State Government procurement. This is something the State needs to look at.

One of the platforms that we are looking at is that there needs to be engagement in terms of awareness-raising programs. If you look at a lot of the inquiry for the modern slavery inquiry, a lot of the peak bodies for SMEs are basically saying they do not think that is a major issue. I think in terms of the impact that this has on what they are doing in the broader picture of procurement—for example, if you are supplying to major companies—it is a major issue, because it is a big risk to the big companies. If you look at the way that major companies have been evaluating their risk, human rights risks are increasingly coming up in terms of the risk profile, because it is such a big risk to their reputation.

In education programs I think the State needs to think about looking at developing programs through working with peak bodies to develop processes in which SMEs are able to evaluate the status of what they are doing in managing modern slavery and how they are obtaining labour in the products that they buy. If you work through the various peak bodies, then everybody gets to contribute and the cost is shared. The State then can work with developing continuous management programs through that process. The question is then: Do you want to run it through the New South Wales procurement process or do you want to run it as a separate body? Sorry.

The CHAIR: No, it is good. Every witness could go on because it is a passion, which is great.

The Hon. NATASHA MACLAREN-JONES: My first question follows on from your last comments. You touched on the risks that companies have. I will play devil's advocate: What is the incentive for a company to look at this issue, apart from it being the right thing to do?

Ms PHANG: It is a great question. Many companies that embark on sustainability management actually do not do it because it is the right thing to do; they do it because it makes good business sense. Increasingly what you now find is companies are evaluating what we call non-financial risk, and that is the risk of climate change, human rights management and water risks. If you look at the *Global Risks Report* that is published by the World Economic Forum every year, water risk, migration risk, risk to human rights and climate change risk always rank very high when it comes to non-financial risk. To companies that are doing this, it is basic risk management. The damage that can be done when you have human rights issues within your supply chain is basically damage to reputation. That is mainly why they do it.

The Hon. NATASHA MACLAREN-JONES: Looking at the risk, in your opening statement you talked about a type of analysis. Could you explain what that involves and what it is called?

Ms PHANG: If you follow the UN guiding principles in terms of evaluating human rights risk, there is a two-step process. You look in terms of internal processes, where you sit down with all your procurement agencies, and you look at where you are buying, how much you are buying, what you are buying and the countries these materials are sourced from. Then you are able to develop an internal risk ranking. The internal risk ranking will then help you define where your high-priority risks are. If you are spending an excessive amount of money on one contractor or one supplier and he is sourcing from XYZ countries which have been known to have human rights risk, that will then affect your risk rating for this organisation. That helps you then develop a risk matrix internal to your organisation. Then you go and talk to your supply chain—in this case, we are keeping it very narrow to human rights, but generally if you talk to procurement they will want to expand it to all the factors that are included—and say: "Let's look at what you're doing in terms of human rights risk. Let's go through what you want, what you are doing, what our requirements are, what we think you should be doing, and let's see how you perform." That helps in terms of narrowing the number of companies that you need to do sleuthing with, focusing on basically due diligence or—let us call it what it is—an audit of what the companies are doing.

For a State like New South Wales with 300,000 publicly stated suppliers, you cannot do it for all. It is impossible. Major international companies do not do that: That is why they work in terms of collaborating with the supply chain—you do your ground sleuthing, you do your risk assessment and then you develop collaboration projects to say, if the majority of your products come from Vietnam, China or India, "Let's collaborate with these organisations to see what we can do to help reduce our risk there." That has been found to manage and reduce costs as well.

The Hon. ERNEST WONG: In a previous hearing, sharing information was mentioned. An example from Sweden has been raised insofar as the Government has taken the initiative to look into the supply chain and find out those who do not supply within the legislative framework, and then it shares that information with other nations. You mentioned small and medium-size enterprises. Do you think there is a model with a Government incentive to look into the policy around the procurement supply chain and provide something like a "shame list" of some of the suppliers where a problem is found? That list could be shared with the public sector and with SMEs that do not have enough resources to go down that path. Would that be workable, or would that bring in other liability relating to the disclosure of information?

Ms PHANG: If you look at the amount of procurement spend you find that the New South Wales Government definitely has a very big impact in the procurement of materials in this State. And in taking a lead role in managing modern slavery, human trafficking, the Government can definitely take a very positive stance. One of the things that could be done is to review how to include the human rights or modern slavery practice that is happening within the State. The Catholic Church has said that it is going to slavery-proof its procurement supply chains, so it can be done. Definitely within New South Wales if we want to talk about taking a lead role, it has to come from government. We have spent quite a lot of time talking to corporations. I would say that the effort is—they are doing it but they are taking their time to do it. The lead role has to come from government. As to a shame list, in the early 2000s Brazil developed a shame list and it worked for some time. We are now finding that the Brazilian Government is scaling back in the toughness of its legislation, and as of 2013 the shame list has not been updated.

This can work two ways—you can publish a shame list but you have to follow it up with strong legislation. It has to be followed up with organisations that are able to work with Federal and State police, including the agencies, to make sure that the companies named on the shame list are held to account for their actions. There is no point publishing a shame list if you do not follow it up with legislation and there are no prosecutions or the companies that are listed and let off very lightly. It is a carrot and stick situation. If you start with a government procurement process, you need the stick first and then the carrot. The carrot will be the State Government developing these programs so that organisations or companies—in the case I am thinking about small and medium-sized enterprises [SME]—are able to tap in, and even if the major corporations want to gain

some awareness they are able to tap in, so the platform needs to be developed for that. This is where the State Government can take a lead. I do not believe any country has actually done that.

Dr MEHREEN FARUQI: You are aware of the Modern Slavery Act 2015 of the United Kingdom?

Ms PHANG: Yes.

Dr MEHREEN FARUQI: Has that helped to improve the situation? How is it being implemented? What lessons should we learn from that?

Ms PHANG: I have not actually worked with companies developing programs to fulfil the requirements of the Modern Slavery Act of the United Kingdom. I have worked with companies that have developed human rights management programs simply because the industry required them to do so and they were working in high-risk countries when it comes to modern slavery or human rights management issues—principally in Myanmar and Sudan. From my reading and research the Modern Slavery Act has encouraged companies to look within their supply chains but you will find the major companies—and this is publically available information—are doing better than the smaller companies. Recognising and managing human rights risks and modern slavery risks is actually very confronting for a lot of boards as well. In the public repository you will find that some companies are doing well and others are not doing well.

Dr MEHREEN FARUQI: This is a very complex issue, as a lot of people have pointed out, and that is one of the biggest challenges in addressing this.

Ms PHANG: Yes.

Dr MEHREEN FARUQI: If you had three things that this Committee could recommend for New South Wales, what would they be?

Ms PHANG: If you look at the way that the industries and SMEs are in this State, and where Australia supplies to the world, agriculture is very important—rural Australia is very important. In this country SMEs play a very large role and major corporations only form the top echelon. The ASX 100 is there, you have also got the ASX 200 and the general ASX. If the Modern Slavery Act comes in, the chances are it will cover modern ASX 100 companies. So what happens to your ASX 200? What happens to your general ASX? What happens to your SME? If I were to look from a supply chain perspective—SMEs in the country will supply to major corporations. If you do not have a framework for them to be educated to have programs to evaluate themselves then that is a key weakness. At the same time you also need to have legislation. So the mechanisms that we suggest include developing a mandatory tracking requirement of labour movements within the State for labour agencies, employers and workers. This will come from your migrant and backpacker workers—from what I hear the Modern Slavery Act will probably incorporate this requirement as well. If the State is able to look at it in a far deeper manner then that will put the State in good standing.

We think that the creation of an interdepartmental task force to manage the reporting governance of modern slavery risk within the State will be useful. The task force should comprise of Federal and State agencies. It should comprise of non-profit and also counselling agencies as well. This will take care of providing the support required for victims, providing the enforcement requirements for the perpetrators and also providing a platform for sharing of information. If you look at Europe they have taken the task force approach quite well. If the Modern Slavery Act does come in the task force will fit in quite nicely to report to a Human Rights Commissioner, Anti-slavery Commissioner. The task force can also have a branch that will provide education, provide training for compliance, provide training for risk areas to recognise what the key signs of slavery are, and for the general public as well. Hopefully, it will also manage your safe houses—I believe there is only one in the State at the moment; that needs to be looked at.

You need to create a capacity-building program to aid identification management, reporting and verification of modern slavery issues. Excuse me if I use the term "human rights"—to me "human rights" covers modern slavery and human trafficking as well as other issues. To have a full capacity training program then you are looking at awareness training, identification training, aid provision training, legal requirement training and corporate requirements training. How as an SME am I able to tailor my management to manage this issue? This is something the State can do to support agencies and organisations within this State. You need to create a multi-level program across high-risk industries through your peak bodies—as I said, work with your peak bodies. Your biggest areas will be construction, agriculture and fast moving goods in your small to medium enterprises [SMEs]. There is really not enough information as to who is coming in or where they are being employed. We do not have the information. Until you do a risk assessment as to where your risks are and develop mechanisms to track this information, you cannot fully quantify where your risks are. You need to be able to identify risks as a first step, then you are able to create a multi-level program to create awareness, provide companies with the

mechanisms to identify and manage human rights risks, and then look at developing due diligence programs within the peak bodies.

Everybody contributes to the peak bodies but the peak bodies should be able also to perform a function for these organisations, not just in lobbying but also in helping them control their risk. I think in this case peak bodies have a role to play—industry peak bodies, that is. The State also needs to look at the State procurement processes, which I understand is now undergoing a review. So this is quite timely. But how you manage the local government agencies and how you manage the State-owned corporations, which are legislated under different laws, needs to be reviewed. If you can take a combined approach, which I think for some elements the New South Wales State government procurement is already doing, it will be much easier.

The CHAIR: Thank you for that evidence, it is quite helpful. In light of the evidence the Committee may ask you some questions on notice and you will have 21 days within which to answer them. The secretariat will help you with that. Thank you; it is helpful to see what other people are doing. There has been a cross-pollination of some of the evidence and the global perspective has been very helpful.

(The witnesses withdrew)

(Short adjournment)

JOHN ANDREW HENRY FORREST, Chairman, Walk Free Foundation, sworn and examined

FIONA DAVID, Executive Director Research, Walk Free Foundation, on former oath

The CHAIR: Thank you very much for your time—we know that it is very valuable. It is good to see you Dr David once again; thank you for coming previously to the inquiry. Would you like to make an opening statement before we start questioning?

Mr FORREST: Just one of gratitude is most important. We are very grateful that you have taken this initiative. As a State, as you pointed out informally, a very well-managed State, you have a huge business sector. I think the city of North Sydney is the third largest city in Australia, and that means your main city must be the largest, and I think that speaks volumes for the reach you have in business circles and have certainly influenced all the Indo-Pacific. Within the Indo-Pacific, wonderful Australian companies—many based in New South Wales—will be sourcing the fight from all the Indo-Pacific, where 60 per cent of the world's people live and 70 per cent of the world's slaves suffer. I just want to show my own debt of gratitude that you are taking this initiative and assure you of Walk Free's and my full and personal support.

The CHAIR: Thank you very much. We have noted that from Dr David from the start; she has been a great encouragement behind the scenes when I have seen her in other organisations working on this common theme. One of the important things of maybe getting a testimony from you is, obviously, with your role with the Fortescue Metals Group and the way that you have dealt with the supply chains. Could you walk our inquiry through how you have achieved working through the slave-proofing supply chains and what that means potentially to the possibility of outworking that in other corporate circumstances?

Mr FORREST: If I might, could I go the step before that?

The CHAIR: Yes, by all means.

Mr FORREST: It was well over 10 years ago that I attended Kathmandu, Nepal, with my daughter. She had won a little scholarship to work in orphanages in Kathmandu and at the time we were very suspect about the orphanages. We had had intelligence that the orphanages in Kathmandu in particular, particularly where my daughter might be working as part of a string of orphanages, were suspect. But at that time we were not sure what that exactly meant. We took the assurance that she would be absolutely safe like all the other school children with her, and so with that assurance we did not play the bellicose parents and stop her from going.

Later the intelligence was clarified. Fortunately, Grace had returned at that stage and the intelligence clarified that the orphanage where she worked was part of a sex-trafficking ring which delivered children particularly through the Middle East via India where Nepalese children bring a higher price on the sex trade market because of their lighter skin than children exported from India. This news was, of course, absolutely shocking. We did not know really how to break it to Grace, but we took Grace back to Nepal two years later and decided to let her see for herself. She was then 18. We took her out to the orphanage where she and her little friends had worked, only to discover that all her little friends, which should have been there for many years after the date we were visiting, none of them were there, apart from two children who were very seriously disfigured, i.e. they could not be sold. There were no records of the children, there was not even an acknowledgement that the children existed only 18 months, two years previously. Clearly, that orphanage was part of a ring.

I then did a tour of a legitimate orphanage, which so horrified me—we could probably take this offline—that I resolved at that point to step down as chief executive of the company I loved, Fortescue Metals Group—and that is a pretty big step because it is where our family's capital is—and go after slavery. I had a warning that perhaps I should look at my own supply chain to have the experience maybe on a personal family front, that perhaps I should have a good look before I went very public and took a global assault on the modern slavery industry, that perhaps I should check that my own hands were clean. These are words which I am adopting just to summarise the story.

I began asking around via some contacts if they had seen anything suspect and one gave me a clue—an engineer. With that I sent out an affidavit to all our suppliers asking them—it was not expensive at all; it was simply just pressing a button on a computer, and there were 3,500 of them—to swear an affidavit that they had inspected their own supply chains and there were no modern slavery type practices in their supply chains, and if they did not respond then they would not continue being a supplier to Fortescue, but if they did respond positively, great; if they responded negatively, great, because we would work with them and not threaten them, we would work with them to get the slavery out of the supply chain.

At least a dozen had real difficulty responding. I inspected one and had my team inspect it as well, and it was evident that there were modern slavery practices. When I visited I heard stories about people who had been there for several years, but they were the lucky ones. Several others had died. This was not from evidence but what I was told was the expectancy rate of less than five years of life. There were very awful working conditions and awful living conditions; people were only fed enough to keep them alive and in order to do their work, not more; there were 18 people in a room smaller than the one I am in; and passports were confiscated.

I had a rather blunt discussion with the company at the top of this food chain. It was not a company who was headquartered in Sydney, but its Australian headquarters were in Sydney. I rang the international chief executive based in London and said, "You have removed passports from all your workers in the Middle East and I am really surprised to hear that. I believe you have modern slavery happening in your supply chains and I have seen it." He first took the attitude that no, he had no slavery in supply chains. He would get straight back to me. He came back to me five minutes later and said, "Look, I believe we have no slavery in our supply chains. In any event, in the United Arab Emirates [UAE] it is permissible for us to hold passports for people for security."

I then became a lot less patient and said if I did not get a call back in 30 minutes, he would be covered in media by the team he left for work, he would become famous for all the wrong reasons. I said I would supply photos and materials of evidence of everything that I had seen to the British media. Or he could just tell me what he was going to do about it—and it was now 29 minutes. He rang me back in 10 minutes, apologised profusely to say that it is illegal to hold passports in the UAE, that his staff contractors had acted illegally and that he would make good. I did visit them after they made good. In return, I would keep the name of that corporation confidential. That is raw evidence that I had very deep slavery in my own supply chains, and I had seen it on a personal front with sex trafficking of kids. That particular supplier whose Australian headquarters were not far from where you are sitting today was supplying goods like they were to me to companies all over the world—they all had slavery in their supply chains. That is what got us on the road and led me to my vote of gratitude for the work of the New South Wales inquiry.

The Hon. NATASHA MACLAREN-JONES: It would be nice to imagine that companies will naturally jump on board and look at their supply chains without any incentives. We have seen it with some of the coffee distributors. I am interested in your view about having a robust certification or truth in labelling for distributors so that consumers could make an informed decision.

Mr FORREST: I think truth in labelling is very powerful. I have seen my own children be very careful with bedding, sheets and the like. They have been very careful to insist on only wearing clothes that are certified slave free. I have seen the level of awareness of the hundreds of kids who have seen that. That model across the world is multiplied by thousands. If the New South Wales Government were to take a truth in labelling action—that is, we can certify that there is no slave labour in the creation of this product, food or service, whatever it is—that would be a great initiative and one which I would hope we could put a sunset to in, say, 10 years. I would like to think that the world will be free of slavery within a decade. However, to take that initiative now will show that New South Wales is leading the way on the biggest humanitarian challenge the world faces.

The Hon. NATASHA MACLAREN-JONES: Thank you.

The Hon. GREG DONNELLY: Thank you, Mr Forrest and Dr David, for appearing again. My question is in regard to what you think is the general attitude of Australian chief executive officers to the initiative that you have taken. Is there any sense that they think that that is something worthwhile and laudable and that they as business leaders should try to do a bit more? Or are they sitting back, saying, "At the end of the day, if we are regulated, we will do it, but we do not wish to do too much at the moment."

Mr FORREST: That is a really good question. I have had some shocking responses from senior executives overseas. I have had one very senior executive who is much lauded and applauded for being the grandfather of business who has absolutely no interest in finding out if there is any slavery in his supply chains. But I have to say the converse is true here in Australia. Every chief executive I have spoken to has either been interested, very interested or extremely interested. The Business Council of Australia and other representative bodies have said to me, "Andrew, your advocacy of this is very timely. Australia should be seen to be leading from the front."

There are real scares in slavery in Australian business. People know that they could be sitting on a time bomb. What they want is guidance from our Government that slavery is not tolerated and, if you like, that within that guidance all our companies are protected. I do not think we have to do anything that which is rigorous or which would be costly. However, I think companies expect their governments to show the level of morality, if you will, when issues emerge. And this is a major emerging issue. People know that slavery has always existed. What they are now aware of is that the world's attention is turning on it. In many respects, Australian businesses

need their Government to draw a line in the sand and say, "This is what we expect from our companies." And our companies will welcome that because without that guidance we are all out there with a bit of a white stick.

The Hon. GREG DONNELLY: My next question is related in a sense. If governments in Australia, both at the Commonwealth and the State level, are starting to look at this issue, do you think there should be an order in which these matters are dealt with? In other words, do you believe the Commonwealth should move first and the States follow, or do you believe there is room for the States, who perhaps in their own way may be able to move more quickly, to take some action in the first instance and not wait for the Commonwealth?

Mr FORREST: I am sure there is no real reason for me to opine on this. I would point out that New South Wales appears to be a very welcome leader here. I think you are only led by the Government of California, which came out with a modern slavery Act a couple of years ago, then followed by Britain, France and soon, we hope, Australia. I would encourage collaboration between yourself and the Commonwealth. However, I really do not think if you are a slave, and that is who I act for, that you give a damn if the Commonwealth or the State goes first. My answer to you is from the perspective of a modern slave: We need you to move as soon as you can.

The Hon. GREG DONNELLY: Thank you.

The CHAIR: I note that you recently generously gave a gift of about \$75 million to fight human slavery. How much of that is allocated? Sorry for my ignorance on this, but is any of that allocated to addressing modern slavery in Australia? Further, is any of that accessible by the States—for instance, are you encouraging States that may want to lead the way if the Australian Government will not by way of a grant for, say, an independent anti-slavery commissioner?

Mr FORREST: Yes, I would look at that. I had not thought of that.

The CHAIR: I have.

Mr FORREST: I am glad that you have. I will certainly look at that. The awareness of slavery around the world is critical and that means the proper measurement of slavery around the world is a complete must. Much of our capital is going into making sure that the numbers which we reproduced with the International Labour Organization [ILO] are the most accurate numbers possible in the world and have the benefit of surveys from all over the world, which are run by the Gallup organisation so we can be assured of independence and we can be assured of the quality. The ILO and Walk Free will be issuing a number during United Nation Week in New York in September which I think will be truly shocking. You are very wise as a government to stay in front of that wave. If you need my help with an independent commissioner or elsewhere, then please be assured that I am on your side.

The Hon. ERNEST WONG: Thank you very much for sharing with us two very sad stories as to the supply chain. You are very experienced and I want you to know that a lot of Australian companies and chief executive officers [CEOs] are conscious of trying to stop human trafficking. How difficult will it be to find those suppliers in the chain, particularly those in developing countries? We have heard of stories about where some countries are abusing children—and probably not even paying them—to do labour work in primary industries. How difficult will it be for us to find out if a supplier has been working on that basis?

Mr FORREST: If think for a government or for a non-government organisation it is difficult but you would be surprised just how easy it is for business. Business has that immediate impact. There is a dollar responsibility and there is a dollar expectation and if one supplier asks another supplier who asks another supplier, "Show me that you have no forced labour, no bonded labour, no child labour, no other modern slavery in your supply chains so that I might keep doing business with you" that will do one of two things. It will either lead to an immense cover-up and a quick change so that slavery stops immediately or it will lead to a much greater communication and honesty saying, "I have slavery in my supply chains. Work with me; don't cut me as a supplier". That happens instantly.

I had the experience with a very large somewhat arrogant company in the United Kingdom where we got it fixed in 30 minutes—30 minutes was all it took for one chief executive to literally tell the truth to another chief executive for them to issue the threat, "If you don't take this seriously the media will". That got resolved in 30 minutes. Externally for a government inquiry or government prosecution, et cetera, that would take years but put the onus on business to ensure that their supply chains are slave free; that happens super-fast. If you are a big supplier of, say, T-shirts, dressing gowns or prawns in Sydney, all you need to do is ask your suppliers to ensure that their supply chains are free of slavery and to pass you a list of who your suppliers are so that you might call them at random yourself. That happens instantly so business can do this very fast and they will if they know that your Government is behind them.

The Hon. ERNEST WONG: So you are saying that the responsibility should actually lie on the private sector, that those companies should have to do their own homework?

Mr FORREST: Yes, absolutely. It should lie with the public and private sector because your Government, for instance, is one of the largest, if not the largest, procurer of goods and services in your State. If you were to ask any of your senior bureaucrats if they have slavery in their supply chains, first of all, they would look at you like, "Are you serious, mate?" Secondly, they would think, "Well, if you are serious, perhaps I should consider this", and thirdly, they would go and do something about it. That whole process in the public sector would take about five seconds. So the public and private sector must lead by example. We have an expectation, as the private sector, of you. We have many investments in New South Wales. I have an expectation that you will lead on what you want for my behaviour, especially if there is something new and breaking. Modern slavery is new and breaking. With something like common law, of course I do not need any guidance; we will do that by instinct and knowledge but modern slavery is brand new, it is breaking all over the world, it is breaking in Australia and we need your guidance.

The Hon. ERNEST WONG: You spoke in your submission about the Modern Slavery Act to help Australia take a lead position globally on this issue. Australia is playing two roles. Internally we must ensure we have the appropriate legislation or model so that onshore our companies follow the objectives. Another representative role for Australia is to liaise and work with other governments at an international level. Can you provide advice on the role Australia that is playing or has Australia done enough to acknowledge and recognise the issue globally in taking the lead?

Mr FORREST: There were quite a few questions wrapped up there, so please help me.

The CHAIR: You can take them on notice, Mr Forrest. We know your time is valuable and you need to depart in about 10 minutes.

Mr FORREST: Allow me to be brief. Australia has an extremely important representative role in the world and in particular in the Indo-Pacific region. We must be shown in the Indo-Pacific region at least to be leading. I would stress that punitive laws do not work in slavery. They simply send the industry underground and when it is underground it is unregulated; it will proliferate. What we need are encouraging laws, laws which say, "We expect you and you will announce once a year what you have done to look for slavery in your supply chains" and that information will be public. Then have, as your colleague mentioned, a commissioner who is not a policeman.

The quickest way you will stop someone going for advice to find out if they have got slavery in their supply chains or to do something about it if they suspect they have is to have them know they are going to be penalised, so coming up with that information. The executive I spoke of who is a household name around the world said literally this: "I will not look for slavery in my supply chains because I will be treated like sleeping with the local village girl". That is a very dangerous thing because it is acting as a discouragement. What laws must do for modern slavery is to act as an encouragement.

If we could lay down regulation which requires companies to be public about what they are doing and then show that we are working with them, that we have an independent commissioner that you can go to who will not judge you, who will not prosecute you but will give you the best advice in the world as to how to identify slavery and how to get out of your supply chains, then that is entirely productive. If we go punitive like, say, they do in Italy; they have these hideous laws where they are really going to throw you in jail if you have got this and you have got that. Slavery proliferates in Italy because the whole thing runs underground. They have had no prosecutions, they have the most onerous laws and they are completely worthless. Here in Australia let us work with our business community and let us encourage the business community to be open and transparent and reward them with accolades across the media when they find slavery and when they do something about it.

The CHAIR: Mr Forrest, with respect to the affordability of small and medium enterprises [SMEs] slave-proofing their supply lines, you would understand that when SMEs are trying to develop their product they have to invest heavily in resources and the like. How do we assist SMEs to achieve the same outcome that the big corporations are able to achieve?

Mr FORREST: If you were a close-working colleague of mine I would have a lot of four-letter words in my response. As this is a—

The CHAIR: "Love"?

Mr FORREST: You have my absolute respect. I would say strongly that small to medium enterprises [SMEs] can ask the same question as a little girl at the counter or a model on a photo-shoot saying, "How do

you know that my clothes aren't made by slaves?" If somebody employing one person with a \$4 balance sheet—whether it be working capital or borrowed—cannot ask that question of their suppliers they are just not trying at all. It is a basic human right that people are not enslaved. We have modern slavery all over the world and it is the responsibility of small companies and big companies to check. If an SME, an accounting body or a small business representative body says that it is going to be expensive that is absolute rubbish. Everyone in business can ask a question and expect a truthful answer.

The CHAIR: Thank you. Could you tell us about the Bali Process, how far it progressed and what it achieved?

Mr FORREST: The Bali process has ebbed and flowed.

The CHAIR: I see that someone has just advised you of the time. That is like my adviser coming in and doing the same thing. I think we are on time; we have five minutes, do we not?

Mr FORREST: This is important time so I will take the time that you can afford me. The Bali Process, as you know, has ebbed and flowed in its importance and relevance since it was founded in 2002 by Australia and Indonesia. At certain points in its history it has been extremely important. This is one of those points. The Bali Process is moving—it should be actively encouraged by the New South Wales Government—to continue its focus on modern slavery. It is the first intergovernmental organisation ever to focus on modern slavery. It stretches all over where we need it most, which is the Indo-Pacific region. So it is to be applauded for its innovation to go from a very broad spectrum, where you could argue it did not achieve that much, to other times when it did and to now focusing on modern slavery.

As I have predicted, the United Nations announcement of the new modern slavery number will be absolutely shocking. Under the Bali Process the New South Wales Government will be in front of that wave, thank God. The Bali Process has taken one other step, which I think is highly innovative. They approached me to see whether I could lead a business community of people like me from all over the Indo-Pacific—one business leader from each country—to join with the governments, foreign ministers and leaders at the Bali Process.

I have to admit that I did say, "If it is a G20 and a B20 I am out." I know that the B20 has been largely ineffectual. It has wasted a heap of time. It has had a lot of pontification and not a lot of action. So I have said, "We're not here to make the Government look good with a B20; we are here to work with you to end slavery." The Government went away and came back and said, "Okay, what you are really saying is that you want to work within the decision-making process, not report to it." That is exactly correct. The Government has no more idea about business than most of the business leaders. I said, "Yes. We can work with you. If we can have a Bali Process government and business forum then we are absolutely in, and I believe the global business community will come with me."

That has proven to be correct. In its first year, without that much time, we have had 32 business leaders, multibillionaires, people who are deeply respected within their countries and communities, gathering in Australia to represent the businesses in their countries and to work with their foreign Ministers and senior bureaucrats to ascertain a strategy which can bring slavery to an end in the Indo-Pacific region. It is an extremely valuable dialogue and I would like you to hold us to account for strong results and not platitudes. If the New South Wales Government can say at the forefront of the Bali Process that we expect action not platitudes that would be very useful.

The CHAIR: I did try to get an invitation. It is very tight, apparently. I note the time but I just want to obtain a couple of comments. You talked about pontification. I would like to say that it is not just the corporates and Government; we were fortunate to have the Archbishop of Sydney also announce the slave-proofing of supply lines at this inquiry. If we can get the faith groups to come on board that would also be fantastic. Of course, we also need the non-government organisations. I really appreciate you presenting today. It was important that you did it in person because I believe that you are a crucial part of the corporate commitment in this. We had the Archbishop of the Catholic Church talking about billions of dollars in supply lines. It is fantastic. We already have a motion before Parliament asking the New South Wales Government to at least come up to the same expectation of both the corporates and the faith groups. We look forward to the Government's response on that.

Finally, while you are on line, I would like to let you know, for Dr Fiona David's sake, that today Anti-Slavery Australia, University of Technology Sydney and Neilson Foundation also launched the "Behind the Screen: Online Child Exploitation in Australia" report. You might be interested in that. You should be able to get that after midday our time. We will put that online with our inquiry. That could be very important reading. We are out of time. If there are any further recommendations, I am just trying to use New South Wales as a

small opportunity to eradicate modern slavery. I know that it should be led at the national level. Unfortunately we are stepping in at the State level because I believe that we can contribute to eradicating it. We appreciate your support today. In light of your evidence we may ask some questions and you will have 21 days within which to answer them. Our secretariat will help with that. That would be fantastic. Based on our feedback, if you have any draft recommendations or something specific to New South Wales we would welcome that. That concludes our time, as much as I would love to have more of your time. Thank you for what you do. As you say, it is important issue for every person who is alive.

Mr FORREST: Thank you. As members of this Committee advising the New South Wales Government I ask you to look at every decision you make through the lens of, "Will this or will it not end modern slavery in the Indo-Pacific and the world?" If it will be influenced by politics or respect for the Commonwealth or anything like that please bring it back to, "Will this end slavery quicker?" and let that drive your decisions.

The CHAIR: That is why we are running this inquiry. Thank you very much for your time.

(The witnesses withdrew)

(The Committee adjourned at 12:56)