

AUSTRALIAN  
**FOOD &  
GROCERY**  
COUNCIL

# AFGC SUBMISSION

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TO JOINT STANDING COMMITTEE ON  
FOREIGN AFFAIRS, DEFENCE AND TRADE  
*Inquiry into Establishing a Modern Slavery Act in  
Australia*

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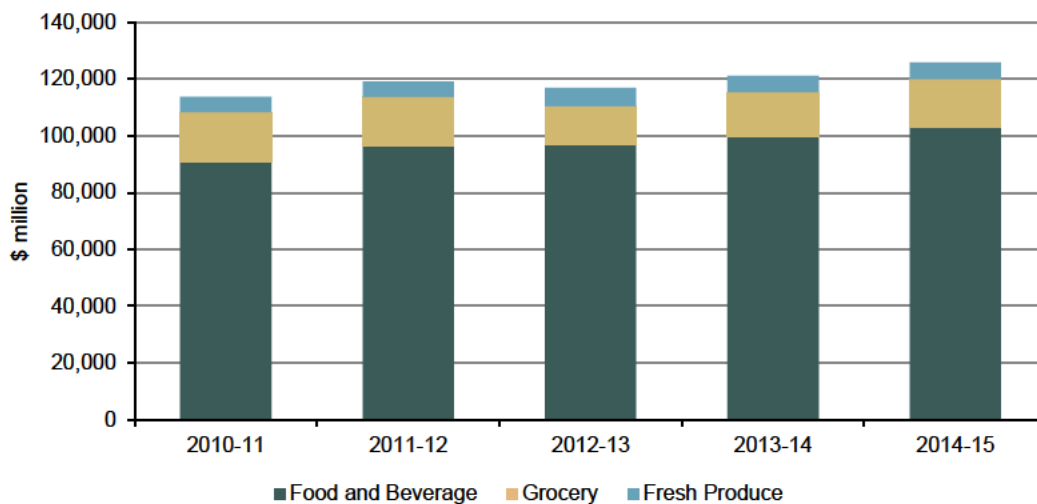
*Sustaining Australia*

## PREFACE

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

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

Figure 3.1: Composition of the defined industry’s turnover (\$2014-15)



With an annual turnover in the 2014-15 financial year of \$125.9 billion, Australia’s food and grocery manufacturing industry makes a substantial contribution to the Australian economy and is vital to the nation’s future prosperity.

Manufacturing of food, beverages and groceries in the fast moving consumer goods sector is Australia’s largest manufacturing industry. Representing 33.3 per cent of total manufacturing turnover, the sector accounts for over one quarter of the total manufacturing industry in Australia.

The diverse and sustainable industry is made up of over 27,745 businesses and accounts for over \$66.6 billion of the nation’s international trade in 2015-16. These businesses range from some of the largest globally significant multinational companies to small and medium enterprises. Industry spends \$541.8 million in 2011-12 on research and development.

The food and grocery manufacturing sector employs more than 307,000 Australians, representing about 3 per cent of all employed people in Australia, paying around \$16 billion a year in salaries and wages.

Many food manufacturing plants are located outside the metropolitan regions. The industry makes a large contribution to rural and regional Australia economies, with almost half of the total persons employed being in rural and regional Australia. It is essential for the economic and social development of Australia, and particularly rural and regional

Australia, that the magnitude, significance and contribution of this industry is recognised and factored into the Government's economic, industrial and trade policies.

Australians and our political leaders overwhelmingly want a local, value-adding food and grocery manufacturing sector.

## INTRODUCTION

The Australian Food and Grocery Council (AFGC) welcomes the opportunity to make a submission to the Joint Standing Committee on Foreign Affairs, Defence and Trade inquiry into establishing a Modern Slavery Act in Australia.

The AFGC is concerned that modern slavery is a very real human rights abuse that occurs in today's global supply chains. Such a complex transnational crime requires a multi-stakeholder response. Tackling such issues is beyond the abilities of individual companies and requires the commercial sector, government and civil society to play a role.

## COMMENTS

Increasingly industry is undertaking voluntary actions to address modern slavery in the supply chain. A number of companies have adopted policies and procedures and/or enlisted the assistance of human rights organisations, to address this issue. Some examples of voluntary industry efforts are included at the end of this submission.

The AFGC acknowledges existing frameworks, guidelines for businesses on human rights such as:

- the OECD Guidelines for Multinational Enterprises which includes a chapter on human rights and outlines the obligations on enterprises within the context of their own activities to (in summary): respect human rights, avoid causing or contributing to adverse human rights impacts, and provide for remediation of adverse human rights impacts where identified that they have caused or contributed to these impacts
- the Bali Declaration on People Smuggling, Trafficking in Persons and Related Transnational Crime, March 2016 which "recognises the need to engage constructively with the private sector to expand legal and legitimate opportunities for labour migration and to combat human trafficking and related exploitation, including by promoting and implementing humane, non-abusive labour practices throughout their supply chain."

The AFGC is also aware that the Australian Government is contemplating the introduction of a National Action Plan on Business and Human Rights for the implementation of the UN Guiding Principles on Business and Human Rights. In principle, the AFGC supports the development of guidance aimed at assisting business in understanding their role in protecting human rights.

In line with the Australian Government's deregulation agenda, the Committee may consider whether the measures outlined above can be built upon, recognising that there is a significant reputational incentive for businesses to be proactive in addressing human rights concerns including modern slavery.

If the parliamentary inquiry should recommend the introduction of a UK type Modern Slavery Act in Australia the AFGC would look forward to providing feedback on the proposed Act, in particular any provisions that may relate to transparency in supply chains similar to s54 of the UK Act.

If a legislative route was pursued there are a number of factors that need to be taken into consideration. For instance, the UK threshold is set at a relatively low level, and if translated to the Australian context the AFGC estimates that such a threshold may capture small to medium operations that may not have the capacity to influence human rights issues throughout their supply chains.

With this in mind, the AFGC recommends that the committee give consideration to the following:

- a flexible approach with perhaps a staggered introduction that recognises the impact and resources of different companies,
- a suitable lead in time for compliance and reporting under legislation in recognition that companies need sufficient time to map their entire supply chains,
- recognition of existing company reporting which meets the objectives of the legislation, and
- acceptance of reports that multi-national companies have provided under the UK Modern Slavery Act for example, which cover the relevant areas and issues for Australian based subsidiaries.

In addition, the following would assist businesses in complying with regulation:

- awareness raising and education about human rights issues,
- guidance on reporting requirements,
- government provision of information about high risk goods and services,
- a list of indicators to help companies to identify potential labour exploitation in supply chains,
- tool kits for businesses to help them develop and maintain ethical supply chains.
- a demonstration of industry best practice which can be quickly assessed and implemented for companies.

These would particularly benefit smaller organisations which do not have the necessary resources or expertise in dealing with these matters.

The AFGC welcomes the opportunity to contribute to the inquiry's deliberations on this issue and to respond further as necessary.

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## EXAMPLES OF VOLUNTARY INDUSTRY ACTION TO ADDRESS MODERN SLAVERY

### **Pledge Against Forced Labour**

The voluntary Pledge against Forced Labour (developed under the auspices of the Retail Supplier Roundtable Sustainability Council) commits signatories to work together to eliminate slavery from their supply chains. The Pledge contains some key principles and public commitments for companies and involves the development of a joint action plan.

The Pledge serves as an opportunity for the Australian business community to help shape solutions for this complex issue, in a way that is both practical and workable. In addition, with retailers and suppliers as signatories and with the intent to engage with both government and civil society groups, it is anticipated that such a collaborative approach may minimise any duplicative efforts to address this issue.

The AFGC, however, acknowledges that many companies have their own approaches to identifying and mitigating the risk of slavery within their supply chains, some of which may be determined at a global level, and therefore may choose not to sign the Pledge.

### **Nestlé Responsible Sourcing of Seafood – Thailand Action Plan**

The Nestlé Responsible Sourcing of Seafood – Thailand Action Plan was developed given increasing concerns about labour and human rights abuses in the seafood supply chain and the Nestlé commitment to eliminate such practices. The Nestlé Action Plan on seafood sourced from Thailand contains a series of actions designed to protect workers from abuses, improve working conditions and stop unacceptable practices, including in relation to juveniles and teenagers working.

Nestlé recognises that it will need to work alongside other stakeholders to tackle this serious and complex issue and that it will be neither a quick nor easy endeavour.

The Nestlé plan was developed following investigative work by their NGO partner Verité, and as well, Nestlé is participating in an International Labour Organisation Working Group to identify further ways of improving general labour conditions in Thailand's seafood industry.

### **Mondelez International – Cocoa Life program**

Mondelez International has a program called Cocoa Life which addresses the root causes of child labour through specific actions to combat the issue and a holistic, community-focused approach.

Through Cocoa Life, actions are taken to empower women, promote education and improve livelihoods in cocoa communities to help to reduce child labour by tackling its root causes. Mondelez International works with cocoa communities to sensitize both children

and parents on the importance of education and the risks of child labour to children's well-being.

To further strengthen Mondelez International's approach, the human rights consultancy Embode was commissioned to do assessments of child protection in the cocoa sector of Cote d'Ivoire, Ghana and Indonesia.

Based on Embode's recommendations, Mondelez International is working together with government authorities and partners (suppliers & NGOs) to harness the strengths of their community model to bolster their approach to child protection

- implementing community-based Child Labour Monitoring & Remediation Systems (CLMRS)
- improving children's access to education
- linking into and helping to strengthen local child protection systems