

Committee Secretary
Joint Standing Committee on Foreign Affairs, Defence and Trade
PO Box 6021
Parliament House
Canberra ACT 2600

Re: Inquiry into establishing a Modern Slavery Act in Australia

CHOICE welcomes the opportunity to comment on the inquiry into establishing a Modern Slavery Act in Australia. CHOICE, as a consumer advocacy organisation, will focus on the interests of and role for consumers.

CHOICE supports the establishment of a Modern Slavery Act in Australia similar to the United Kingdom (UK) Act. However, the inquiry should look at what hasn't worked in the UK, in particular the lack of public information about business supply chains.

There is an overwhelming moral case for government action to ensure supply chains of products sold in Australia and to Australians are free of slavery. Some businesses buy products or use components in their supply chains that were produced by slaves. Australians involved in these markets (whether by purchasing products or working to sell them) largely unknowingly benefit from slavery. Businesses can and should have control over their supply chain, at minimum ensuring that they do not profit from slavery.

Public reporting on efforts to eliminate slavery

The UK Act requires companies with over 36 million pounds in revenue through sales in the UK to publish a statement detailing the extent to which they have tried to eradicate slavery from their supply chains.¹ The UK act neither requires a centralised public register nor that companies prove the transparency of their supply chains. A register of company statements for the Australian Act should be adapted and expanded to provide transparent and clear information about products sold in Australia.

The Australian regime should create a register of products and supply chains for consumers to use. This could take the form of a searchable website for consumers or, at its most basic, a data set for third-parties to use to create tools for consumers.

Disclosure provides an additional incentive for companies to remove modern slavery through their supply chains. Ideally, the website or data set will allow companies to include additional information about any extra steps they are taking to eliminate slavery to allow businesses to attract interested consumers. CHOICE strongly believes that providing consumers with more transparent and easy to access information will aid attempts to reduce the incidence of slavery in supply chains of products sold into Australia.

Ensuring measures are effective through education and penalties for non-compliance

¹ UK Government, The Modern Slavery Act 2015 (Transparency in Supply Chain) Regulations 2015, regulation 2.



Given any new Act will require changes to business practices, the Federal Government should provide training and/or educational resources for companies that operate within Australia.

For the new Act to be effective, resources need to be provided for enforcement combined with commercially significant penalties that must apply when businesses either take no action or mislead the consumers on the role that slavery plays in their supply chain. Current provisions in the Australian Consumer Law (ACL) require that businesses not mislead or deceive consumers could be used to take action against any company that misleads the public about the steps it has taken to remove slavery from their supply chain. However, new provisions are required in any Australian Modern Slavery Act to take action against any business that repeatedly refuses to comply with requirements. Penalties need to be commercially significant so that the cost of non-compliance is greater than the cost of doing nothing. We suggest that penalties mirror new penalty levels the Federal Government intends to apply to breaches of the ACL, which are:

- a maximum penalty (of \$10 million), or
- three times the value of the benefit the company received from the act or omission, or
- if the benefit cannot be determined, 10 per cent of annual turnover in the preceding 12 months
- for individuals, \$500,000.

Kind regards,

CHOICE