



28 April 2017

## **MODERN SLAVERY ACT SUBMISSION**

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

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Dear Committee Secretary

### **About Australian Ethical**

Australian Ethical Investment Limited was established in 1986 to manage the retirement and other savings of Australians in an environmentally and socially responsible way. Today we manage \$2 billion in superannuation and managed funds for over 30,000 Australians.

### **Modern Slavery Act Submission**

The persistence of widespread slavery in the modern world is disturbing to Australians. This concern is deepened by the knowledge that forced labour is used in the production of many products we consume including food, clothing and electronics.

There is a clear ethical imperative to eliminate slavery, but there are also strong economic and investment reasons. At the broader systemic level, innovation flourishes and societies and economies prosper when individuals are free to choose their work and to enjoy the benefits of that work. At the level of individual industries and companies, the presence of forced labour in operations and supply chains is unsustainable. It risks disruption of production, prosecutions, financial penalties, regulatory action by local and foreign governments, and severe damage to brand and relationships with customers and other stakeholders.

### **For these reasons we strongly support introduction of a Modern Slavery Act in Australia.**

Given what's at stake, Modern Slavery legislation is crucial to help to bring the power of all of government, business, civil society and individuals to eliminate forced labour. By requiring investigation, management and reporting on human rights risks, this legislation will:

- encourage greater accountability of companies for respecting the freedom and dignity of workers in their operations and supply chains
- enable consumers, suppliers, investors and others to make more informed choices about the companies they do business with.



To better achieve these benefits we recommend that:

- The legislation should specify minimum reported content and format requirements. These minimum requirements should be developed having regard to key sources of business' human rights obligations including the UN Guiding Principles on Business and Human Rights 2011 and the OECD Guidelines for multinationals. We also recommend consideration of the comprehensive UN Guiding Principles Reporting Framework (<http://www.ungpreporting.org/>).
- The government should establish a central repository database for collection of reported information and to facilitate access to and analysis of the information.
- A new or existing agency/office should be equipped to monitor the impact of the legislation and progress of companies, and to make ongoing recommendations for action to eliminate modern slavery.

These features will help the legislation best achieve the purposes mentioned above of encouraging greater corporate accountability and enabling choice through increased transparency. In particular they will facilitate positive competition between forward thinking business to better respect individual freedom and dignity, and to better promote their positive impacts to consumers and business partners.

#### **Labour hire issues**

We also support targeted action to deal with forced labour and exploitation issues created by those operators in the labour hire sector who wilfully disregard their legal obligations to workers. In particular we support the recommendations of the *Inquiry into the Labour Hire Industry and Insecure Work* for a national licensing scheme to regulate labour hire operators (<http://economicdevelopment.vic.gov.au/inquiry-into-the-labour-hire-industry>).

We are very happy to discuss these important issues further.

Yours sincerely

Phil Vernon  
Managing Director