



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



**HOUSE OF REPRESENTATIVES**

**PROOF**

**BILLS**

**Modern Slavery Bill 2018**

**Second Reading**

**SPEECH**

**Wednesday, 12 September 2018**

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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## SPEECH

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<b>Speaker</b>	O'Brien, Ted, MP	<b>Question No.</b>	

**Mr TED O'BRIEN** (Fairfax) (12:06): I rise today in proud support of the Modern Slavery Bill 2018. When you hear the words 'slavery bill' or even 'modern slavery bill', you can't help but think that maybe we're about 200 years late. But the brutal reality is that, as with piracy, another rather nasty relic of the past, slavery—or, more specifically, modern slavery—is alive and well and flourishing in the 21st century. It is often as part of highly sophisticated global businesses.

What exactly is modern slavery? Today, slavery is less about people directly owning other people as a legal arrangement—although this sadly does still happen—and is more about a de facto form of ownership that is often hidden. The situation for those in slavery is, however, not much different from the slaves of centuries past, where people—often children—were trafficked, controlled and ruthlessly exploited by someone, without any viable option to simply withdraw their labour and leave.

For the purposes of this bill, and especially the reporting requirement it seeks to introduce, modern slavery is defined quite broadly to include all forms of 'trafficking in persons, slavery, slavery-like practices (including forced labour and forced marriage) and the worst forms of child labour (including using children for prostitution or in hazardous work)'. An individual may also be regarded as being in slavery if they are forced to work by direct or implied coercion or have restrictions placed on their freedom of choice, freedom of movement or basic human rights.

Most people assume that slavery ended with the abolition movement in the 19th century. However, using our modern definition, surprisingly, there are perhaps more human beings living in a state of slavery today than at any other time in history—and it is generally hidden. Unlike the slavery of the 19th century, as seen in the Belgian Congo and the plantations of the new world, slavery has today transformed itself to serve our insatiable global consumer economy and its demand for low-cost goods and services. Modern slavery may not be as easy to see as it was in ages past but it's there, it's appalling and it is our shared shame.

Modern slavery can occur in any sector or industry and at any point along the supply chain. Internationally, situations with a high risk of exposure to modern slavery include rural workers; women and children engaged in sweatshops; girls forced into marriage, prostitution or domestic service; and, in poorly-regulated jurisdictions, workers involved in construction, electronics, fashion and hospitality. Many who fall victim to these one-sided arrangements often endure lives almost totally controlled by their exploiters. They no longer have a free choice or meaningful protection under the law. They accept what they are offered, often live in a squalid condition and typically do exactly as they are told. They are, in effect, slaves.

The United Nations estimates there to be some 48 million victims of modern slavery worldwide, with over 4,000 in Australia alone. The International Labour Organisation estimates 11.7 million victims are spread across the Asia-Pacific region, in which, not coincidentally, the supply chains of a significant number of large businesses that operate in Australia are based.

Australia has undertaken to combat human trafficking and slavery through the ratification of a number of international human rights treaties. We therefore have an obligation to take all reasonable steps to require that companies operating in Australia do not derive revenue or any benefit whatsoever from human trafficking and slavery. Due to traditionally cheaper wages and less regulated conditions, a great deal of labour across the Asia-Pacific region is dedicated towards cheaply produced material goods to be sold into developed consumer economies, including Australia. The fact is that, as the middle class grows and currencies strengthen in many developing countries and economies, traditional pools of relatively cheap labour have contracted to effectively create an expanding niche for modern slavery. This expansion of modern slavery has invariably implicated nations such as Australia and the United States via global supply chains that feed an insatiable demand for low-cost consumer goods and especially for clothing, footwear, homewares and electronics.

It should come as no surprise that corporations are driven to maximise profit and minimise risk for their shareholders—and rightly so. However, there is currently very little incentive for businesses that are active in Australia to meticulously pick over their supply chains to ensure they are risk-free when it comes to modern slavery. This means that companies that cut corners or turn a blind eye to benefits from modern slavery, whether directly or indirectly, not only contribute to the sum of human suffering but may currently also enjoy a competitive advantage over those businesses that, in contrast, are doing the right thing. This situation, where proven, is more than unfair; it's obscene.

Modern-day consumers are demanding ethically sourced products and are only able to make informed decisions about their purchases when companies are transparent about their supply chains. The current lack of transparency around what companies are doing in their supply chains effectively leads consumers to avoid ethical considerations by taking retailers at face value and defaulting to price alone. As a result of the recommendations coming from the parliamentary Joint Standing Committee on Foreign Affairs, Defence and Trade inquiry into establishing a modern-day slavery act here in Australia, this bill will introduce a modern slavery reporting requirement. I commend the work of the joint standing committee in driving an inquiry that received some 225 separate submissions and held 11 public hearings around the country, with their final report, entitled *Hidden in plain sight: an inquiry into establishing a modern slavery act in Australia*, being tabled in December last year.

Following extensive consultation by government, the resulting reporting requirement will require large corporations and other entities with over \$100 million of annual consolidated revenue to publish annual statements detailing their actions to address modern slavery risks in their operations and supply chains. This requirement will also apply to foreign businesses with operations here in Australia. Annual statements will need to address modern slavery risks in the relevant company supply chain and detail what steps they have taken and will take to mitigate such risks. The statements will also detail the methodology by which the entity proposes to assess the effectiveness of proposed remedies. Modern slavery statements will be due six months from the end of the entity's final year and must be signed by a responsible member for that entity, approved by the principal governing body of the entity.

The bill provides for a statutory review of the legislation every three years to ensure the modern slavery reporting requirement remains appropriately targeted and effective. In a world first for the public sector, the Australian government will lead by example by also meeting the requirement to publish annual statements to cover any possible modern slavery risk in Commonwealth procurement. Commonwealth statements, together with the annual statements of commercial entities, will be available to the public via an online register. This will ensure that private individuals can easily access and compare statements and make choices, if they so please, based on that information.

The proposed reporting requirement will serve to assist the business community in Australia to take proactive and effective actions to address the blight of modern slavery. The Morrison coalition government wants to put these steps in place to help lessen the risk of modern slavery practices occurring in the supply chains of goods and services in the Australian marketplace. It's anticipated that these requirements will effectively encourage a race to the top, as reporting entities compete for market share, investor funding and consumer support. If any business fails in its obligation to report and take action, there can be little doubt that they would be punished by the court of public opinion and suffer a consumer backlash, far worse than a dodgy TripAdvisor report could ever deliver, tarnishing their reputation and thereby threatening their bottom line.

Counter to the Labor Party's declared view, this bill does not seek to introduce punitive penalties for noncompliance. Consistent feedback to the government during the consultation period strongly suggests that market pressure and reputational risk would be far more effective in driving compliance. In many respects the Modern Slavery Bill 2018 has sought to follow similar, highly effective legislation introduced into the United Kingdom in 2015, making it mandatory to disclose modern slavery risks and declare what actions have been taken or will be taken to address those risks. All modern slavery statements must include: specific information about the entity's structure, operations and supply chain; potential modern slavery risks in their operations and supply chains; actions taken to address these risks, including due diligence and remediation processes; and how the entity is assessing the effectiveness of their actions.

As a further commitment, to support a market mechanism to combat modern slavery, the coalition government has committed \$3.6 million in the 2018 budget to establish a dedicated modern slavery business engagement unit within the Department of Home Affairs to advise and support businesses to comply with their obligations.

The Morrison government will also make sure that detailed guidance and awareness-raising materials are made available for businesses before the reporting requirement comes into force. This guidance will be drafted in consultation with experts from business and civil society.

This bill is specifically targeted to deliberately disrupt morally corrupt business models that rely on modern slavery and seek profit in Australia. At the same time, the reporting mechanism that the proposed legislation will set in place will, as has been the experience in the United Kingdom, heighten awareness of this global crisis. There can be no doubt that modern slavery is a major violation of human rights and a deplorable crime against humanity that can no longer be tolerated, and it should under no circumstances be ignored. It's for these reasons I'm very happy to commend this bill to the House.