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Ndeivr Human Rights supports clients responding to the *Modern Slavery Act 2018 (Cth)* and offers human rights services to reduce risk, protect stakeholders, and access value-add opportunities.

# Modern Slavery Action Tracker

Issue 2 | February 2021

This Report provides analysis of key statistics and performance relating to Modern Slavery Reporting in Australia based on the data provided through the Australian Government's Online Register for Modern Slavery Statements. It is the second such issue.



# Modern Slavery Action Tracker

All organisations in Australia turning over more than AU\$100 million must publish a statement assessing and addressing modern slavery risks in their operations and supply chains to comply with the *Modern Slavery Act 2018* (Cth) (MSA). **The first deadline for submission of Modern Slavery Statements (determined by an entity’s financial year) passed on 31 December 2020, and the next deadline of 31 March 2021 is fast approaching.**

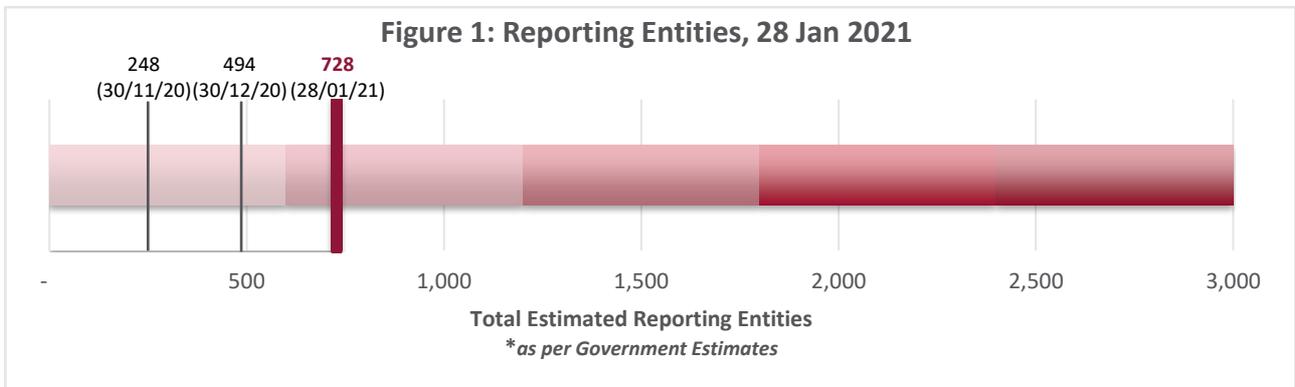
This is the second in a series of reports tracking Modern Slavery reporting in Australia based on data provided through the Government’s public [Modern Slavery Online Register](#). In addition, this report provides Ndevr Human Rights’ independent analysis of the data and highlights notable reporting practices. Our aim is to provide a resource for all interested in following Australia’s Modern Slavery response and for organisations required to publish their own Modern Slavery Statements and response strategies.

## Total Reporting Effort & Progress

**As of 28 January 2021, 391 statements covering 728 reporting entities were submitted and uploaded to the government’s Register.**

Based upon the Commonwealth’s initial estimate of total reporting entities, 24% of the total have now reported, leaving 76% outstanding. This shows a 7.5% increase since December 2020 when 16.5% had reported.

clear visibility on which statements were lodged voluntarily, limiting the analysis we can do. However, we can use assumptions based upon revenue and the trend that voluntary statements tend to be stand-alone (rather than joint). By factoring in voluntary statements in this way, as much as 80% of entities legally required to report under the MSA are yet to do so.



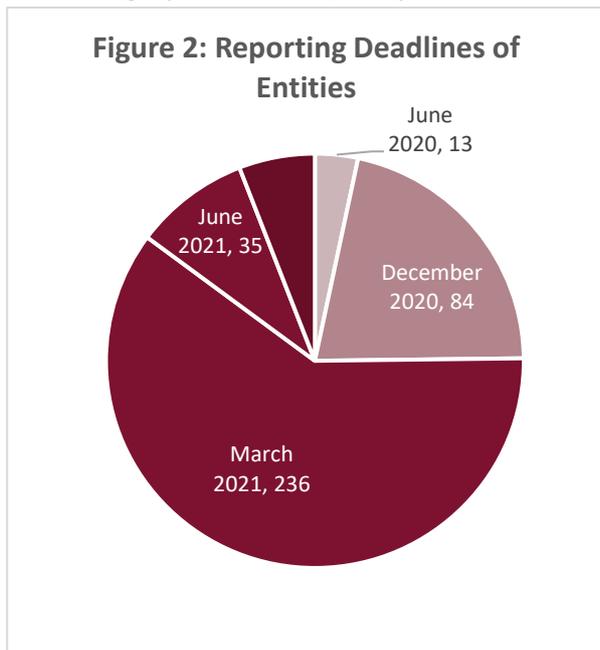
In the period between 30 December 2020 and 28 January 2021, an additional 234 reporting entities submitted a joint or stand-alone statement. This increase is not as large as we anticipated, although our market insights suggest that many organisations reporting under the extended 31 March deadline are currently progressing their statements through Board approval.

The newly added data to the Register shows some interesting changes. The 391 statements now in the Register include 67 voluntary statements, up by 22 from 45 in December. As we pointed out previously, the Register currently does not provide

Additionally, the latest tranche of submission data has a similar entity-per-statement ratio as before, only slightly down to 1.86 entities per statement. Using this ratio, we can expect to see an estimated 1,220 more statements before the end of June

2021. With this in mind, the next update to the government’s Modern Slavery Register should show a substantial increase in statements. We will continue to monitor total reporting progress closely in future issues of this report.

As shown in Figure 2 below, 236 entities have a reporting deadline of March 2021. The previous update to the Register reflected 183 statements in this category. Therefore, only an additional



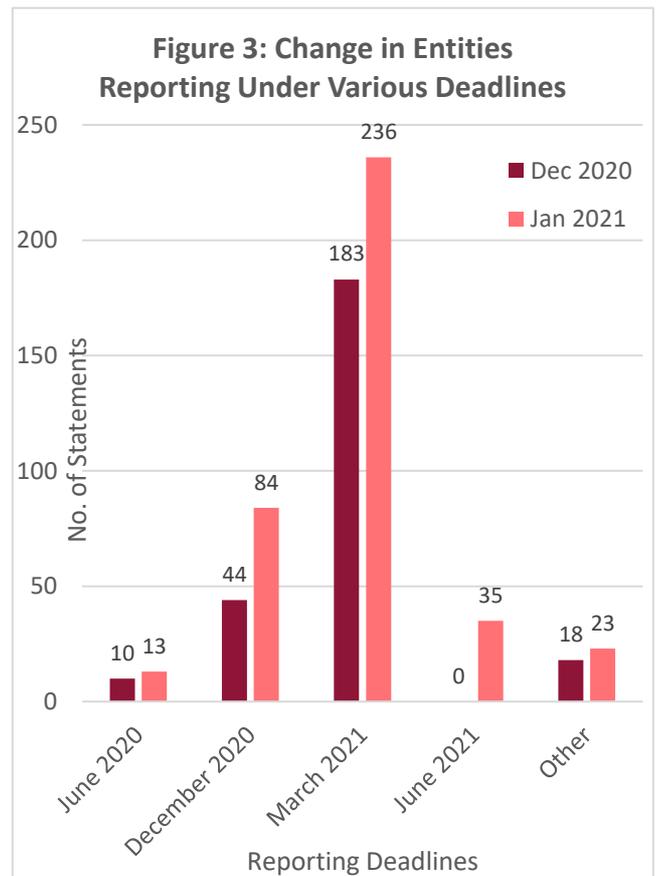
53 statements were submitted by entities that report against the extended March deadline. This means that the rest of the new submissions in the Register came from entities with a 31 December 2020 deadline or entities with more unusual reporting deadlines as determined by their financial year.

It is important to note that the December deadline category almost doubled from 44 statements to

### Reporting Entities

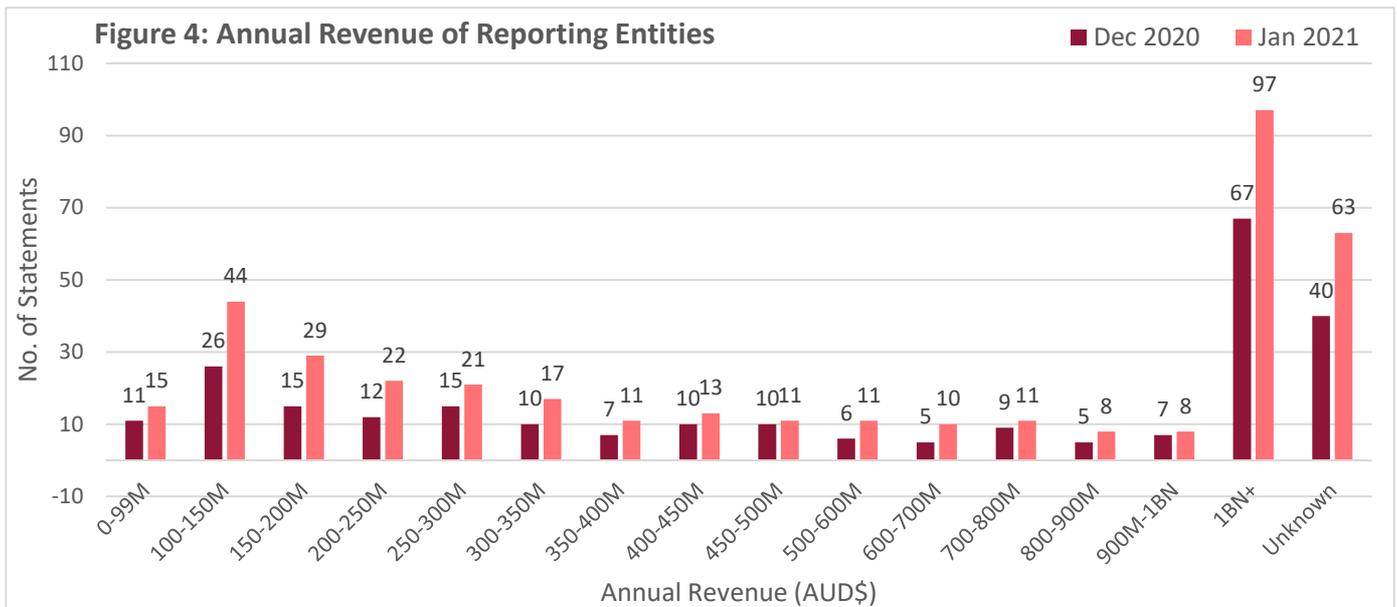
As shown by Figure 4 on the next page, of the 728 entities that have submitted statements to-date, the most prevalent cohort is still large entities with an annual consolidated revenue of more than AU\$1 billion (97 statements, up from 67 in December). Submissions for several revenue brackets have near-doubled or otherwise significantly increased since December, including

84 (see Figure 3 below) with this latest data release. There are two likely reasons for this; one is that some statements were submitted late, and



two is that statements were submitted on time to Border Force but then sent back to the entity for adjustments. As pointed out in our previous Action Tracker Report, Ndevr Human Rights learned that adjustments are being requested by Border Force on nearly one third of submitted statements, primarily where sign-off was not appropriately addressed. We recommend that entities take steps to avoid these requests.

for AU\$150-200 million; AU\$500-600 million; and the AU\$600-700 million revenue brackets. Despite these increases, there are still few submissions for mid-sized entities compared to larger more multinational entities that are generally going first.



Analysis of the industry sectors of the reporting entities shows that the financial, insurance and real estate sector continues to lead the way for statements submitted to-date (see Figure 5 on the following page). 61 statements in the Register were lodged by entities in this sector, up from 40 as of December 2020. Two new industry sectors have appeared since December: cosmetics & toiletries as well as forestry & timber. Statements in the former category include Amazon, which also reports in the information technology, transportation, and fashion & textile sectors.

Interestingly, no additional statements have been added to the four in the education & research sector since December. Of those four, only one is a university: The University of Newcastle. This leaves little time for many of Australia’s large universities to submit statements, most of which will need to report as they fit the definition of ‘reporting entity’ and many meet the revenue threshold. Universities may be finding complying with the MSA more challenging than their corporate counterparts in part because of the severe operational disruptions from COVID-19.

Submissions by charitable organisations now

### Notable Reporting Practices

Here we highlight notable practices by entities that have reported to-date. In our previous issue, we focused in on statements lodged by fairly large

stand at eight. This is unlikely to change drastically, as few charitable organisations trigger the A\$100 million revenue threshold. However, we expect that many smaller charitable organisations will decide to report voluntarily in the coming years.

The Register’s latest data release includes statements submitted by entities that also trigger European legislation (we see more entities triggering the *UK Modern Slavery Act 2015* and/or the *California Transparency in Supply Chains Act 2010*). One new entity reports under both the *French Corporate Duty of Vigilance Law* and the *Netherlands Child Labour Due Diligence Law 2019*, while three others (including Amazon) report under the French law only. Overall, 96 Statements were lodged on behalf of entities that also face reporting obligations overseas. The vast majority of those report under the *UK Modern Slavery Act 2015*. As we highlight in our article [The Future of Social Reporting](#), human rights and modern slavery legislative requirements are becoming increasingly ubiquitous around the world.

and well-known Australian brands that stand out for implementing Border Force’s [Guidance](#) on

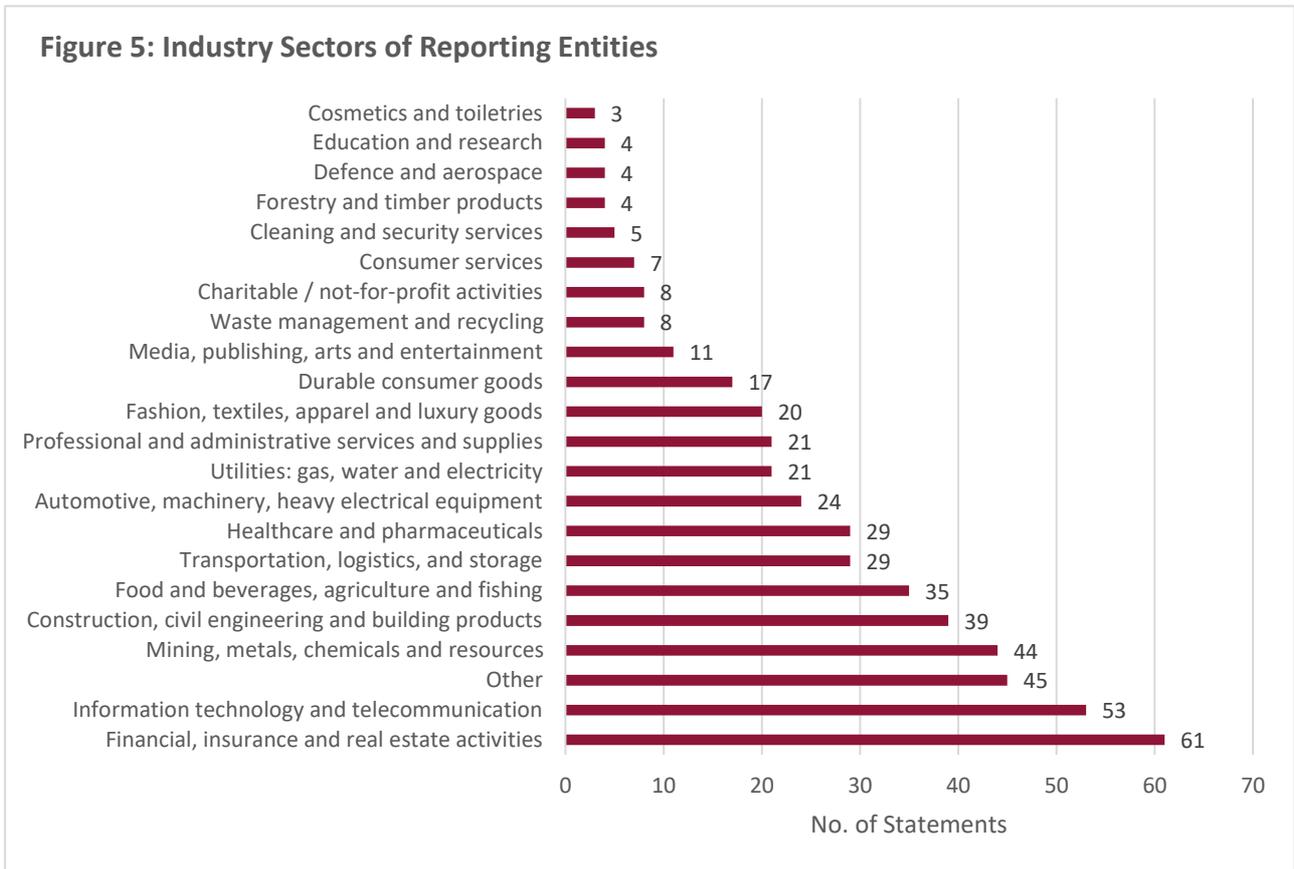
good practice trends and areas for improvement.<sup>1</sup>

In this issue we focus on notable practices by organisations in the smaller revenue categories, specifically charitable organisations. We have chosen to highlight shorter statements this time to illustrate good practice for smaller responding organisations working within their resources and

the actions taken to mitigate modern slavery risks during its first reporting period.

The **Smith Family Foundation Statement** uses an incremental approach which scales ambition and scope of their response over time. The statement also includes a concise description of their operations and supply chain.

**Figure 5: Industry Sectors of Reporting Entities**



capabilities. This strategic and practical approach is what we often advise for our clients and support them to achieve.

The Statement by **Brotherhood of St Laurence** contains a clear description of future actions to be taken and methods for measuring the effectiveness of those actions. The entity initially sets itself three measurable targets but also indicates targets they will consider implementing in future reports. The entity also clearly describes

The Statement by the **Leprosy Mission** evidences a strategic and incremental approach to rolling out a modern slavery response plan. The Statement clearly demonstrates their key focus areas for the first reporting year and sets itself measurable KPIs for future years. This Statement also stands out for directly addressing each of the mandatory reporting requirements.

<sup>1</sup> Modern Slavery Act Reporting Update – November 2020.

*Ndevr Human Rights supports clients responding to the Modern Slavery Act 2018 (Cth) and offers human rights services to measure & reduce supply chain risk, protect stakeholders, and access value-add opportunities. [Contact us](#) now to find out how to best move strategically on this important issue.*



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